

CITY OF DAVENPORT, IOWA
COMPREHENSIVE ANNUAL FINANCIAL
REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2005

Prepared by:
Finance Department
Accounting Division

Front Cover: Designed by Helen Boyd; City of Davenport-Engineering Division

INTRODUCTORY SECTION

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INTRODUCTORY SECTION

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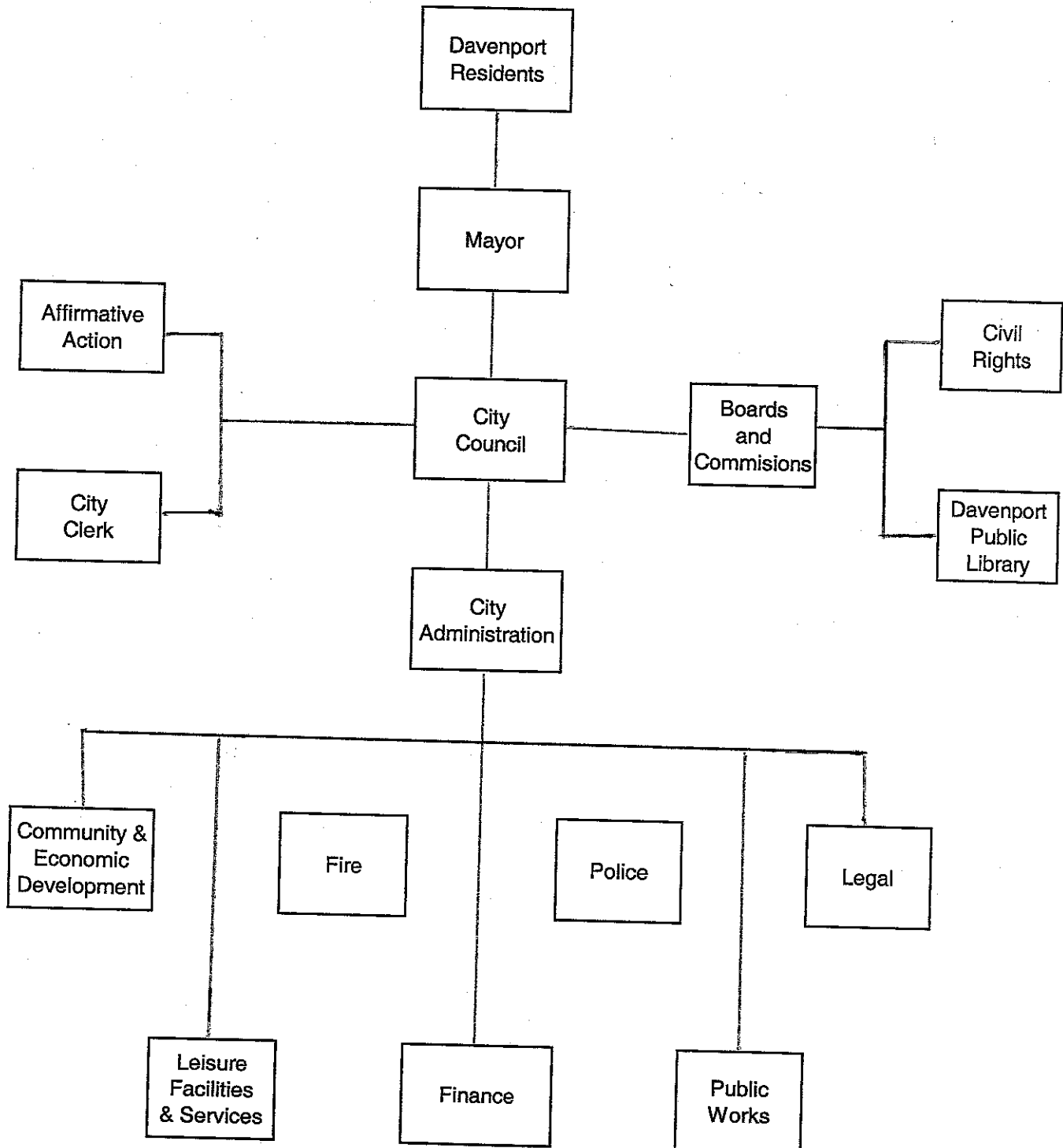
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CITY OF DAVENPORT

**ORGANIZATIONAL CHART
JUNE 30, 2005**



CITY OF DAVENPORT

CITY OFFICIALS

June 30, 2005

<u>OFFICIAL TITLE</u>	<u>OFFICIAL</u>	<u>TERM EXPIRATION DATE OF ELECTED OFFICIALS</u>
<u>Elected Officials</u>		
Mayor	Charles W Brooke	1/06
Alderman at Large	Jamie Howard	1/06
Alderman at Large	Steven D Ahrens	1/06
Alderman First Ward	Roxanna Moritz	1/06
Alderman Second Ward	Donna Bushek	1/06
Alderman Third Ward	Keith Meyer	1/06
Alderman Fourth Ward	Ray Ambrose	1/06
Alderman Fifth Ward	Bill Lynn	1/06
Alderman Sixth Ward	Robert McGivern	1/06
Alderman Seventh Ward	Morris D Barnhill	1/06
Alderman Eighth Ward	Tom Engelmann	1/06
 <u>Administration</u>		
City Administrator	Craig Malin	
 <u>Departments</u>		
Civil Rights	Judith Morrell	
Community and Economic Development	Clayton Lloyd	
Finance	Kent Kolwey	
Fire	Mark Frese	
Human Resources	Jeff Dolan	
Legal	Mary Thee	
Leisure Facilities & Services	Daniel Sherman	
Library	LaWanda Roudebush	
Police	Mike Bladel	
Public Works	Dee Bruemmer	



City of Davenport

226 West Fourth Street • Davenport, Iowa 52801
319-326-7711 TDD 319-326-6145

December 9, 2005

Honorable Mayor, Members of the City Council
and Citizens
Davenport, Iowa

State law requires that cities publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and that their financial condition and their transactions be examined annually by the Auditor of State or by a certified public accountant. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report of the City of Davenport for the fiscal year ended June 30, 2005.

This report is presented in three sections: introductory, financial and statistical. The introductory section includes this transmittal letter, the City's organizational chart and a list of principal officials. The financial section includes the independent auditor's report, management's discussion and analysis (MD&A), the basic financial statements, required supplementary information, and other supplementary information. We make special note of the fact that this report is the City's third report following implementation of the Governmental Accounting Standards Board (GASB) Statement 34 reporting model with the fiscal year 2003 report. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by Eide Bailly LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2005 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended June 30, 2005 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. The results of the City's Single Audit for the fiscal year ended June 30, 2005 provided no instances of material weaknesses in the internal control over compliance or significant violations of applicable laws, regulations, contracts and grants. These reports are available in the City's separately issued Single Audit Report.



Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

Profile of the City

The City of Davenport, the principal city of eastern Iowa and the county seat of Scott County, is located on the Iowa bank of the Mississippi River approximately midway between the cities of Des Moines and Chicago. The City is the third largest city in Iowa. Davenport, named after Colonel George Davenport, was originally settled in 1808, making it one of the oldest cities in the upper Midwest. Incorporated in 1836, Davenport continues as one of the four remaining special charter cities in Iowa. Davenport is the major city of the Quad-City Metropolitan Area, which includes three counties located in two states. The area includes Scott County, Iowa and Rock Island and Henry Counties in Illinois. The major communities, apart from Davenport, include the cities of Bettendorf, Iowa and Rock Island, Moline and East Moline in Illinois. The Davenport-Rock Island-Moline Metropolitan Statistical Area (MSA) had an official 2000 population of 359,062. Davenport had a 2000 population of 98,359.

The City operates under the Mayor-Council form of government. The mayor and ten council members are elected on a non-partisan basis every two years. Eight council members are elected by ward. The mayor and two remaining council members are elected at-large. A professional City Administrator is appointed by the Council.

The City provides a full range of services including police and fire protection; solid waste collection; construction and maintenance of streets, sewers and bridges; sewage collection and treatment; culture and recreation; mass transportation; planning and zoning; and general administrative services.

For financial reporting purposes, all funds, agencies, boards, commissions, trusts and authorities involved in the provision of these services are included if the City is financially accountable. The GASB has set forth criteria to be considered in determining financial accountability. The City of Davenport does not include any component units within its reporting entity. See Note 1A in the notes to the financial statements for more specific information on reporting entity.

The City maintains budgetary controls to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council in March each year for the fiscal year beginning the following July 1. The State of Iowa requires the passage of an annual budget of total City operating expenditures by major program categories after public hearing. Activities of the General, Special Revenue, Debt Service, Capital Projects, Enterprise and Internal Service Funds are included in the annual appropriated budget. Project-length financial plans are also adopted for the Capital Projects Fund. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is at the total program level. As a result of this program structure used for the legally-adopted budget, legal compliance (total budget-to-actual appropriations) is demonstrated in one schedule which combines all funds and is in the required supplementary information section of this report (GASB Statement 41). The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts lapse at year end. However, encumbrances generally are reappropriated as part of the following year's budget.

Factors Affecting Financial Condition

The information presented in the financial statements may be better understood when it is considered from the broader perspective of the specific environment within which the City operates.

Local Economy. Historically, the economic strength of the Quad-Cities has been dependent upon the manufacturing of farm and construction equipment. During the early 1980s, with multiple plant closings and layoffs, unemployment reached a high in Davenport of 12 percent. After reaching this peak in 1983, unemployment rates have declined. This reduction in unemployment is attributed, in part, to the growth in the area of professional and nonprofessional services. The Davenport-Rock Island-Moline MSA 2005 unemployment rate (through nine months) of 5.0% was slightly lower than the nation (5.1%). The total number of jobs in the MSA has grown the past two years, and of the 197,800 persons in the labor force in 2005, 187,800 were employed, which is indicative of the

economic diversification that has occurred. Major employment in the area includes the health care, retail, meat packing and food processing, aluminum, and industrial and agricultural equipment sectors in addition to government, education and utilities. Employment levels at the City's largest employers remained remarkably stable during the economic downturn nationally following 9/11 and several are implementing plans to add jobs and make capital investment, including Deere & Company, Kraft/Oscar Mayer, Sears Manufacturing and M. A. Ford Manufacturing.

A continuation of economic development efforts is reflected in steady property tax base growth. Market value growth averaged 6.1 percent annually over the last ten fiscal years ending in FY 2005. In addition, building permit activity for commercial and residential projects which occurred in FY 2005 was at or above the last ten-year annual average. Tax base composition is diverse, consisting of 45 percent residential, 42 percent commercial, 7 percent utility and 5 percent industrial properties. The tax base is not concentrated; the largest taxpayer accounts for 5.1 percent of total value and the remaining nine leading taxpayers account for just 8.0 percent of taxable value. More detailed information on permits and principal taxpayers can be found in the statistical section of this report.

Current economic development activity includes a focus on the downtown. In August 2001 the State of Iowa approved a \$20 million grant to the City as part of the \$113 million River Renaissance on the Mississippi project. River Renaissance is a collection of major improvements and renovations downtown and on the riverfront, including: the Figge Art Museum, the New Ventures Center, the River Music Experience, the River Music Skybridge, the Adler Theatre Stage Expansion and Downtown Parking. Scott County, Iowa assisted with a \$5 million grant subsequent to a special referendum at which 73 percent of voters favored the bond issue. One Renaissance Plaza, a new \$14 million, 90,000-square-foot, Class A office facility in the downtown is now occupied and resulted from River Renaissance investments. Construction was completed in time to open the 2004 season on a total renovation of John O'Donnell (baseball) Stadium. Several renovation projects are underway which will result in loft apartments and residential condominiums.

In 2005, the City Council approved a development agreement with Isle of Capri (IOC) to permit construction of a 181-room hotel and 513+/- space parking deck adjacent to a relocated riverfront casino. The adjacencies of parking, hotel rooms and casino operations are projected to substantially increase gaming and hotel/motel tax revenues, and the construction of the \$43.1 million project will increase property tax and SSMID payments. The City's projection is an increment of \$8 million over 10 years. The project is presently in Army Corps permitting and is expected to break ground early in 2006 for a mid-2007 opening. The City will finance construction of the parking deck and related public improvements. The development agreement obligates IOC to lease the deck from the City in an amount equivalent to debt service for bond repayments related to the parking deck.

Budget Challenges. Recent years' budget processes have faced the many challenges presented by the current local, state and national economies, including: state-shared revenue reductions; loss of investment income due to lower returns in the current markets; state-mandated increases in public safety pension costs; increasing costs of health care; and increasing costs of liability and property insurance.

The General Fund includes most of the City's services including police, fire, parks and recreation, library, community and economic development, civil rights and administration.

The City's General Fund receives approximately 75 percent of its revenue from property taxes. The State of Iowa allows a maximum levy rate of \$8.10 per thousand dollars of assessed value and \$0.27 in an emergency levy. The City has been at the maximum levy rates since 1984 and 1986, respectively. Also, growth limitations are imposed on the City's property tax base by the State, including the residential property rollback. The 1995 phase out of property taxes on machinery and equipment reduced the City's property tax base by \$82 million from FY 2000 through FY 2004. The State has also exempted gas and electric utilities from property tax, and while a replacement tax was revenue neutral for three years, the future of replacement taxes is uncertain. The taxable property tax base has grown moderately, an average of 4.2 percent annually over the last ten fiscal years ending in FY 2005, despite the above State limitations. Personnel costs represent 80 percent of the fund's expenditures. Wages have grown at an annual rate of 4.5 percent over the last several years. Employee benefits include funding for health claims which have increased an average of 10 percent over the last 10 years ending in FY 2005. In addition, contributions to the state-wide fire and police pension system have increased 80% (\$1.7 million annually)

from FY 2003 to FY 2006 due to benefit increases approved by the Iowa legislature and recent investment performance. As a result of this structural imbalance and the challenges discussed above, cost reductions, cost shifting and non-property tax revenue increases (including a garbage collection fee imposed in FY 2005) have been necessary in order to balance the fund.

Future budgets will challenge the City to continue current services within the current revenue and expenditure structure. It is important to note that the State does provide unlimited property tax levies for employee benefits (trust and agency levy) and insurance/claims (tort liability levy), whereas the general and emergency levies are limited as discussed above.

Long-Term Financial Planning. Maintenance and expansion of the City's infrastructure (such as streets, curbs, sidewalks, sewers, bridges, and traffic signals) remain a major priority of the City. The City annually adopts a six-year Capital Improvement Program that provides a framework for the development and maintenance of infrastructure to meet current and future needs.

The major source of funds for the program is general obligation bonds, which are primarily financed from an unlimited debt service property tax levy and local sales tax receipts. The City attempts to leverage its program commitment with available grants from the federal and state governments and private sector partnerships. The program requires a debt service property tax levy increase from the current \$.99/\$1,000 assessed value and includes programmed usage of the General Debt Service Fund Balance increase which is due to local option sales tax receipts exceeding budgeted property tax relief. The long term financial model as presented in the FY 2006 budget message projects the increase to be to \$1.51/\$1,000 assessed value in FY 2008.

Highlights of the Capital Improvement Program which is scheduled to begin in fiscal year 2006 include:

- relocate art museum to the downtown; total project is \$35 million with a total City contribution of \$6.5 million (\$1.45 million remains to be paid);
- new police headquarters building (\$19.3 million construction);
- street improvements of approximately \$43 million, including 49th Street paving (\$1.5 million continued funding of \$4.4 million project), Northwest Boulevard (\$.5 million continued funding of \$2.7 million project), 65th/67th Street to Eastern (\$2.8 million) and Eastern from 53rd to 65th/67th Street (\$2.5 million);
- second library branch (\$6.75 million); a special library property tax levy was approved by voters in 2003 to support branch operations;
- sanitary sewer inflow and infiltration projects identified in a 2001 needs assessment study; funding is also included to continue to prepare final plans and cost estimate for the westside diversion tunnel. This project would resolve current and projected capacity problems and open 27 square miles to development in west/northwest Davenport;
- a significant park construction program including major parks (Centennial, Prairie Heights and Southwest) along with enhancements to existing parks (Fejervary and Riverview Terrace); also a skatepark and administrative office relocation.

Cash Management. Cash temporarily idle during the year was invested in demand deposits, certificates of deposit, obligations of the U. S. Treasury, and other obligations guaranteed by the United States or its Agencies. The City's written investment policy prioritizes the following goals: (1) safeguard investments, (2) provide for cash flow requirements and (3) maintain a competitive yield on the portfolio. Accordingly, deposits were either insured by federal depository insurance or collateralized. All collateral on deposits was held either by the City, its agent or a financial institution's trust department in the City's name. The maturities of the investments range from 8 days to 330 days, with an average maturity of 134 days. The average yield on investments was 2.19 percent and interest income earned by all funds during the year totaled \$1,555,121.

Risk Management. The City's liability, property and workers' compensation claims, insurance and administration program is accounted for in the Risk Management fund. The program involves various risk control techniques and provides funds to meet loss situations which do occur, using a blend of internal and external funding resources. Internal funding of losses is represented by a claims retention program in which an assumption of

appropriate deductibles is made. During fiscal year 2005 the deductible for each liability, property and workers' compensation claim was \$500,000, \$100,000 and \$350,000, respectively. Actuarial studies have been obtained to determine the appropriate contributions and reserves necessary to fund these claims retentions. External funding involves the purchase of insurance to finance those losses which the City cannot comfortably retain itself. Individual claims for liability, property and workers' compensation in excess of the deductible are insured up to \$10,000,000, the lesser of replacement cost or \$75,000,000 per location, and an unlimited amount, respectively. A schedule of insurance coverage is included at the end of the statistical section of this report. The goals of the current risk management program are to lower long-term costs and to reduce dependence on the insurance market, which lessens the effect of annual rate increases and/or capacity crunches. The risk related to the City's self-funded employee and retiree health plan is covered in Note 10 in the notes to the financial statements.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Davenport, Iowa for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2004. This was the 22nd consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such reports must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to Certificate of Achievement Program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

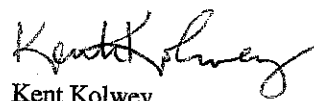
In addition, the City has received the GFOA's Distinguished Budget Presentation Award for its annual budget document for FY 2005. This was the 9th consecutive year that the City has received this award. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communication device.

The preparation of this report on a timely basis could not have been accomplished without the services of the entire staff of the Finance Department and the auditors. We would like to express our appreciation to all those who assisted and contributed to its preparation accordingly. We especially wish to thank Linda Folland and the Accounting Division staff for all of their extra time and effort in the continued implementation of GASB 34. We would also like to thank the Mayor and members of the Finance Committee and City Council for their direction and support in planning and overseeing the financial operations of the City.

Respectfully submitted,



Craig Malin
City Administrator



Kent Kolwey
Finance Director

/kwa

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Davenport,
Iowa

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2004

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Nancy L. Ziehl

President

Jeffrey R. Enen

Executive Director

FINANCIAL SECTION



CPAs & BUSINESS ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of Davenport, Iowa

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Davenport, Iowa, as of and for the year ended June 30, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the City of Davenport, Iowa. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Davenport, Iowa, as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report, under separate cover, dated October 25, 2005, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and the budgetary comparison information listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the City of Davenport, Iowa. The introductory section, combining nonmajor fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City of Davenport, Iowa. The combining nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

Eide Bailly LLP

Dubuque, Iowa
October 25, 2005

Management's Discussion and Analysis

As management of the City of Davenport, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2005. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages iii through vii of this report. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

Overall, the City continues to maintain a strong financial position, in spite of economic pressures and State of Iowa mandates and cutbacks in shared revenues.

- The assets of the City of Davenport exceeded its liabilities at June 30, 2005 by \$243,704 (net assets). Current assets exceeded current liabilities by \$44,553.
- The government's total net assets increased by \$5,839 during fiscal year (FY) 2005.
- At June 30, 2005, unreserved, undesignated fund balance for the General Fund was \$5,982, or 12 percent of total General Fund expenditures, while total fund balance represents 26 percent of total expenditures.

The above financial highlights are explained in more detail in the Government-wide Financial Analysis and Financial Analysis of the City's Funds sections of this document.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Davenport's basic financial statements. The City of Davenport's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The two government-wide financial statements are designed to provide readers with a broad overview of the City of Davenport's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the City of Davenport's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Davenport is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during FY 2005. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Davenport that are principally supported by property taxes, other local taxes and state and federal grants (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Davenport include public safety, public works, culture and recreation, community and economic development, and general government. The business-type activities of the City of Davenport include parking, sewer operations, RiverCenter (convention center and theatre), public transit, public housing, golf courses, airport, and solid waste collection.

The government-wide financial statements include only the City of Davenport itself (known as the primary government).

The government-wide financial statements can be found on pages 16 through 19 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Davenport, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements, including restrictions on the use of certain monies. All of the funds of the City of Davenport can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Davenport maintains 15 individual governmental funds. In the basic financial statements, information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, General Debt Service Fund, Local Option Sales Tax Fund, and Capital Projects Fund, all of which are considered to be major funds. Data from the other eleven governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report (supplemental information).

The City of Davenport adopts an annual appropriated budget, prepared on a modified accrual basis. A budgetary comparison statement has been provided to demonstrate legal compliance in the required supplementary information section.

The basic governmental fund financial statements can be found on pages 20 through 27 of this report.

Proprietary funds. The City of Davenport maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City of Davenport's various functions. The City of Davenport uses internal service funds to account for employee health insurance, risk management, and information management services. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

The City of Davenport maintains eight enterprise funds. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. In the basic financial statements, the proprietary fund financial statements provide separate information for the parking system, sewer operations, and RiverCenter, as these are considered to be major funds of the City of Davenport. Data from the other five enterprise funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor enterprise funds is provided in the form of combining statements elsewhere in this report (supplemental information). The three internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report (supplemental information).

The basic proprietary fund financial statements can be found on pages 28 through 39 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City of Davenport's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City has three agency funds. The basic agency fund financial statements can be found on page 40 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 41 through 59 of this report.

Supplementary information. The combining statements referred to earlier in connection with nonmajor governmental funds, nonmajor enterprise funds, internal services funds, and agency funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 63 through 83 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. Comparative data from fiscal year 2004 and 2005 are presented below. In Davenport, assets exceeded liabilities by \$243,704 at the close of the fiscal year ended June 30, 2005.

City of Davenport's Net Assets

	Governmental Activities		Business-type activities		Total	
	2005	2004	2005	2004	2005	2004
Current and other assets	\$ 115,633	\$ 118,211	\$ 21,026	\$ 23,021	\$ 136,659	\$ 141,232
Capital assets	182,493	173,114	122,314	119,760	304,807	292,874
Total assets	298,126	291,325	143,340	142,781	441,466	434,106
Noncurrent liabilities						
outstanding	84,521	85,709	21,753	22,656	106,274	108,365
Other liabilities	84,042	81,144	7,446	6,733	91,488	87,877
Total liabilities	168,563	166,853	29,199	29,389	197,762	196,242
Net assets:						
Invested in capital assets, net of related debt	88,165	78,426	100,497	91,651	188,662	170,077
Restricted	35,494	40,472	-	-	35,494	40,472
Unrestricted	5,904	5,574	13,644	21,741	19,548	27,315
Total net assets	\$ 129,563	\$ 124,472	\$ 114,141	\$ 113,392	\$ 243,704	\$ 237,864

By far the largest portion of the City of Davenport's net assets (77 percent) reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City of Davenport uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Davenport's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Davenport's net assets (15 percent) represents resources that are subject to external restrictions on how they may be used. Current assets exceed current liabilities in all three categories, both for the City as a whole, as well as for its separate governmental and business-type activities, in the amounts of \$44,553, \$31,591 and \$12,962, respectively.

At June 30, 2005, the City of Davenport is able to report positive balances in all three categories of net assets, both for the City as a whole, as well as for its separate governmental and business-type activities. The same situation held true at June 30, 2004.

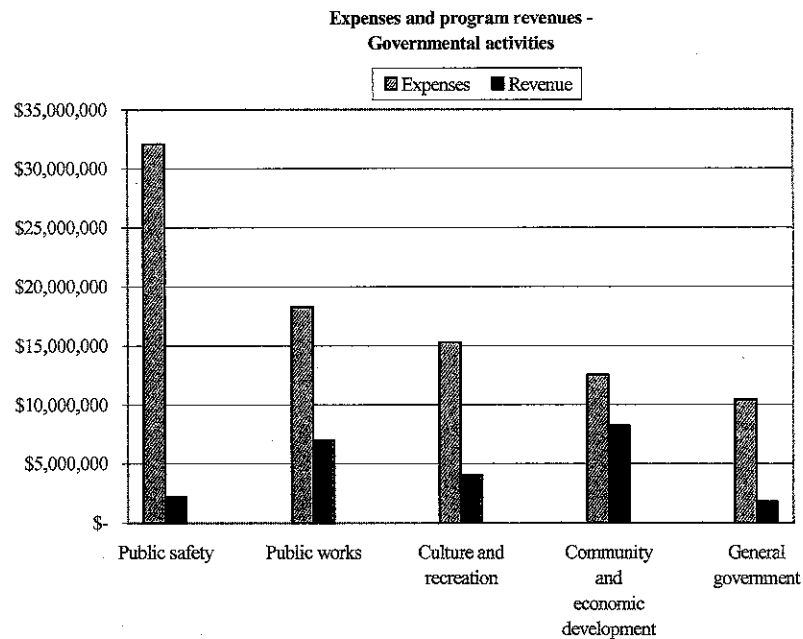
City of Davenport's Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Revenues:						
Program revenues:						
Charges for services	\$ 6,574	\$ 6,679	\$ 21,741	\$ 19,446	\$ 28,315	\$ 26,125
Operating grants and contributions	9,991	10,022	1,364	1,656	11,355	11,678
Capital grants and contributions	8,099	15,164	4,340	4,159	12,439	19,323
General revenues:						
Property taxes	47,051	43,784	2,770	2,628	49,821	46,412
Other taxes	25,420	25,670	-	-	25,420	25,670
Other	2,240	1,835	519	418	2,759	2,253
Total revenues	<u>99,375</u>	<u>103,154</u>	<u>30,734</u>	<u>28,307</u>	<u>130,109</u>	<u>131,461</u>
Expenses:						
Public safety	32,069	29,073	-	-	32,069	29,073
Public works	18,288	25,267	-	-	18,288	25,267
Culture and recreation	15,273	14,720	-	-	15,273	14,720
Community and economic development	12,540	14,017	-	-	12,540	14,017
General government	10,446	8,480	-	-	10,446	8,480
Interest on long-term debt	4,698	4,089	-	-	4,698	4,089
Parking system	-	-	1,987	2,090	1,987	2,090
Sewer operations	-	-	12,336	11,613	12,336	11,613
RiverCenter	-	-	3,856	3,976	3,856	3,976
Public transit	-	-	4,465	4,344	4,465	4,344
Public housing	-	-	957	906	957	906
Golf courses	-	-	2,652	2,143	2,652	2,143
Airport	-	-	447	469	447	469
Solid Waste Collection	-	-	4,255	1,256	4,255	1,256
Total expenses	<u>93,314</u>	<u>95,646</u>	<u>30,955</u>	<u>26,797</u>	<u>124,269</u>	<u>122,443</u>
Increase/(decrease) in net assets before transfers	6,061	7,508	(221)	1,510	5,840	9,018
Transfers	(970)	(383)	970	383	-	-
Increase/(decrease) in net assets	5,091	7,125	749	1,893	5,840	9,018
Net assets-beginning	124,472	117,347	113,392	111,499	237,864	228,846
Net assets-ending	\$ 129,563	\$ 124,472	\$ 114,141	\$ 113,392	\$ 243,704	\$ 237,864

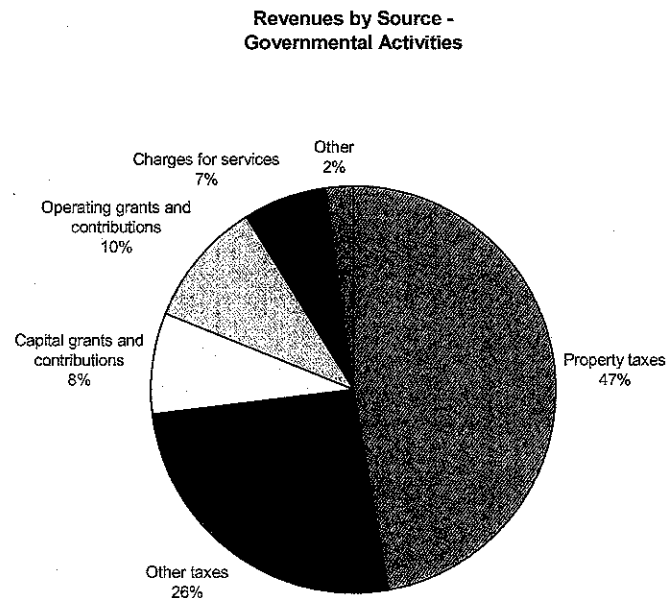
Governmental activities. Governmental activities increased the City's net assets by \$5,091, accounting for 87 percent of the total growth in the net assets of the City. The key element of this increase follows.

- Contributions of and investment in capital assets during the year net of related debt issuance resulted in an increase in governmental capital assets of \$9,739. This increase was offset by a decrease in the Capital Projects Fund net assets reserved for capital projects of \$4,668. More detail on the governmental activities' capital projects which caused this increase in net assets is provided in the Capital Asset and Debt Administration section of this document.

Certain revenues are generated that are specific to governmental program activities. These totaled \$24,664. The graph below shows a comparison between the expenditures by governmental activity type and the revenues generated that are specific to those activities.



The graph below shows the percentage of the total governmental revenues allocated by each revenue type.



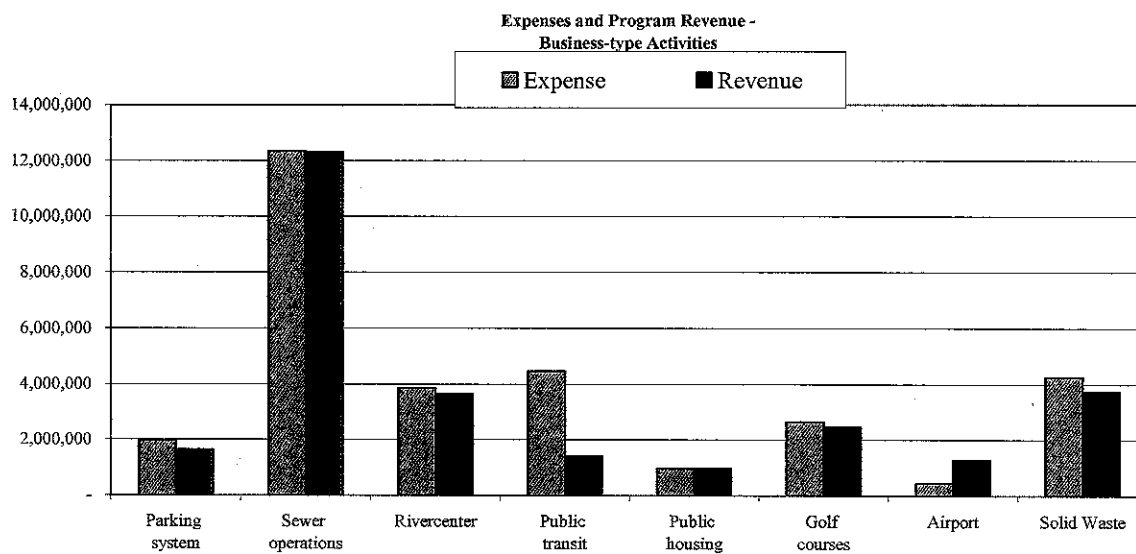
Total governmental activities' revenues for FY 2005 were \$99,374, a decrease of \$3,780 from FY 2004. The largest single revenue source was property taxes of \$47,051, which increased by \$3,267 (7 percent) during FY 2005. This increase resulted from a levy increase of 2 percent (due to the voter approved library levy of \$.27/\$1,000 assessed value) and an increase in the tax base of 6 percent. Capital grants and contributions decreased by \$7,065 during FY 2005.

Business-type activities. Business-type activities increased the City of Davenport's net assets by \$749, accounting for 13 percent of the total growth in the net assets of the City. The key elements of this increase follow:

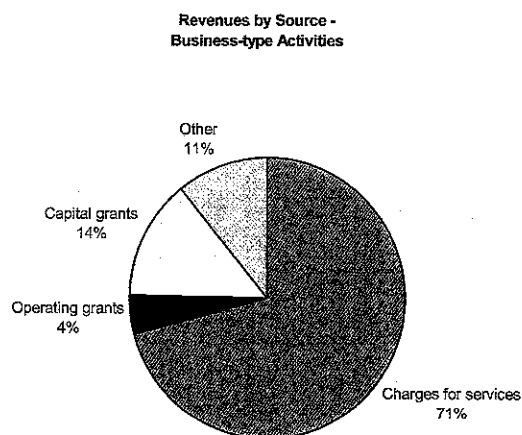
- Capital asset activity which increased net assets included \$709 of sanitary sewers built by developers, \$956 of an adjacent property acquired by the City to provide for stage expansion of the Adler Theatre (RiverCenter) and airport full depth runway patching of \$1,222, which offset \$1,233 of depreciation expense on assets contributed to the RiverCenter, Airport and Transit operations.
- Increases in claims and changes in estimates of the internal service funds, primarily Risk Management workers' compensation, reduced business-type activities net assets by an allocation of \$505.

Total business-type activities' revenue for the fiscal year was \$30,734. All but \$519 of this revenue was generated for specific business-type activity expenses.

The graph below shows a comparison between the business-type activity expenditures and program revenues.



The graph below shows the breakdown of revenues by source for the business-type activities.



Financial Analysis of the City's Funds

As noted earlier, the City of Davenport uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City of Davenport's governmental funds is to provide information on near-term inflow, outflows, and balances of spendable resources. Such information is useful in assessing the City of Davenport's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year 2005, the City of Davenport's governmental funds reported combined ending fund balances of \$44,507, a decrease of \$4,488 in comparison with the prior year. Approximately 12 percent of this total amount, \$5,297, constitutes unreserved fund balance, which is available for spending at the City's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed or is restricted: (1) to liquidate contracts and purchase orders of the prior period \$11,832, (2) to pay debt service \$11,143, (3) to pay for capital improvements of \$8,759, (4) to pay employee benefits \$3,344, (5) to pay insurance and claims \$1,467, and (6) for a variety of other restricted purposes \$2,665.

The General Fund is the chief operating fund of the City of Davenport. The General Fund includes many of the City's services including police, fire, parks and recreation, library, community and economic development, civil rights and administration. At the end of the current fiscal year 2005, unreserved, undesignated fund balance of the General Fund was \$5,983, while total fund balance was \$13,106. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved, undesignated fund balance represents 12 percent of total General Fund expenditures, while total fund balance represents 26 percent of the total expenditures.

The total fund balance of the City of Davenport's General Fund increased by \$535 during the current fiscal year and the unreserved fund balance remained the same. The State of Iowa allows a maximum property tax levy rate of \$8.10 per thousand dollars of assessed value and \$0.27 in an emergency levy for general activities. The City has been at the maximum levy rates since 1984 and 1986, respectively. In addition to these two levies, the State allows unlimited levies for employee benefits (trust and agency levy) and insurance/claims (tort liability levy), which are also accounted for in the City's General Fund. Property tax balances from these two levies are reserved at the end of each year because their use is restricted.

The General Fund balances discussed above are considered adequate by management. The City's policy on General Fund balance is that the unreserved General Fund balance will be maintained at 10 to 15 percent of operating requirements. The current fund balance is within policy guidelines. Fund balances at June 30 cover the City's cash flow needs prior to the collection of property taxes (in September and March each year) so that cash flow borrowings are unnecessary. Fund balances also provide flexibility (for example, should revenue projections fall short) and can be used in cases of emergency (for example, flooding or storm clean-up).

The General Debt Service Fund has a total fund balance of \$9,931, all of which is reserved for the retirement of debt. The State of Iowa allows an unlimited property tax levy for debt service. The net decrease in fund balance during the current year in the General Debt Service Fund was \$784.

The Local Option Sales Tax Fund accounts for the proceeds of a local option sales tax and has a total fund balance of \$9,051, of which, \$8,759 is reserved for capital projects. The State of Iowa provides for a one-cent local option sales tax. Davenport voters approved the tax in 1988 and the referendum directs its usage to 60 percent for property tax relief (debt service levy) and 40 percent for capital improvements. A transfer of 60 percent of tax proceeds is made to the General Debt Service Fund and the remainder is transferred to the Capital Projects Fund as expenditures occur. The net increase in fund balance during the current year was \$988, due to capital projects not being completed.

The Capital Projects Fund has a total fund balance of \$2,824, all of which is reserved for encumbrances and contracts. The net decrease in fund balance during the current year in the Capital Projects Fund was \$4,668.

Proprietary funds. The City of Davenport proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Legal Compliance Budgetary Highlights

As explained in the Letter of Transmittal, budgetary legal compliance is demonstrated in one schedule summarizing all funds in the Required Supplementary Information section of this report on pages 60 and 61.

Differences between the original budget and the final amended budget can be summarized as follows:

- The total original revenue budget of \$138,073 was increased to \$161,670, an increase of \$23,597. In the intergovernmental category, federal, state and local grants were carried forward in the budget amendment to reflect on-going construction in progress of capital projects in the amount of \$16,486. In the other revenue category, \$1,473 of Riverboat Development Grants (from gaming revenues) and \$2,700 of private contributions for the branch library were budgeted.
- The total original expenditure budget of \$159,003 was increased to \$201,314, an increase of \$42,311. In the community and economic development category, \$3,826 was carried forward for on-going grants. In the capital outlay category, \$31,178 was carried forward in the budget amendment to reflect on-going construction in progress of capital projects. In the business type activities category, \$4,170 of the increase was due to the reclassification of the solid waste removal function to a business type activity from a governmental activity.

Differences between the final amended budget and actual results of operations can be summarized as follows:

- In the intergovernmental revenue category, federal, state, and local grants and private contributions in the amounts of \$14,409 and \$3,532, respectively, were not accrued or received due to construction projects not completed.
- In the community and economic development expenditure category, \$2,885 was not spent in special revenue funds and will be carried forward. In the capital outlay category, \$35,975 of expenditures were budgeted and not spent, due to construction projects not completed. In the business type category, \$2,206 of the difference is due to bond principal payments being budgeted as an expense, but reported as adjustments to the liability.

General Fund Budgetary Highlights

As discussed above and in the Letter of Transmittal, the General Fund budget and actual revenues, expenditures and changes in fund balance have been incorporated into the statement of all funds on pages 60 and 61 of this report. Highlights for the General Fund follow.

Differences between the original budget and the final amended budget for the General Fund can be summarized as follows:

- The total original revenue budget of \$52,295 was increased to \$53,131, an increase of \$836. In the intergovernmental revenue category, federal grants in the amount of \$209 and state grants in the amount of \$72 received subsequent to original budget adoption are included as both revenues and expenditures.
- The total original expenditure budget of \$51,619 was increased to \$53,319, an increase of \$1,700. Police forfeiture and seizure monies of \$182 held as reserved General Fund balance at June 30, 2004 were included in amendments in order to authorize the expenditure during FY 2005. Other public safety expenditures included in amendments were sick leave payments of \$198, \$227 for overtime and grants received as noted under the revenue discussion. Public works expenditures were increased in amendments by \$165 as a result of the carryforward of the monies collected from developers and reserved for reforestation. Culture and recreation expenditures were amended to include grants carried forward of \$132 and new grants received as noted under the revenue discussion.
- Other financing uses were increased from \$926 to \$1703. General Fund revenues include the proceeds of a hotel/motel tax and riverboat gaming revenues received by the City. General Fund transfers out include hotel/motel taxes to subsidize RiverCenter operations and hotel/motel taxes and gaming revenues to the Capital Projects Fund representing a portion of the City's Capital Improvement Program (CIP). Budget amendments included hotel/motel tax and gaming monies held at June 30, 2004 and included as designated General Fund balance in the amounts of \$371 and \$432, respectively, in order to authorize the expenditure during FY 2005. These amendment items increased transfers out by \$803.

Differences between the final amended budget and actual results of operations of the General Fund can be summarized as follows:

- The net change in the General Fund balance in FY 2005 was \$535, a positive variance from the budgeted change (\$-1,891) of \$2,426.
- Transfers out in the final amended budget included hotel/motel taxes and gaming revenues to CIP as discussed above in the amounts of \$771 and \$682, respectively. Actual transfers made in FY 2005 were \$463 and \$518 respectively, resulting in a favorable variance of \$472. However, remaining commitments to the CIP are reflected in a designation of General Fund balance at June 30, 2005. The subsidy to the RiverCenter operations was less than budgeted, resulting in a favorable variance of \$89.
- Grant monies received which remained unexpended at June 30, 2005 are also reflected in a designation of General Fund balance in the amount of \$440 and are part of the favorable variance.
- The amended appropriation in the amount of \$182 related to the forfeiture and seizures monies held at June 30, 2004 discussed above was not offset by expenditures during FY 2005, which resulted in a favorable variance and a reservation of General Fund balance at June 30, 2005.
- A special library property tax levy (\$.27/\$1,000 assessed value) was approved by voters to support operations of two new branch libraries. Unexpended taxes of \$653 were a part of the favorable variance and a reservation of General Fund balance at June 30, 2005.

Capital Asset and Debt Administration

Capital assets. The City of Davenport's investment in capital assets for its governmental and business-type activities as of June 30, 2005, amounts to \$304,807 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, equipment and vehicles, sanitary sewers, bridges, traffic signals, storm sewers, and paving. The total increase in the City of Davenport's investment in capital assets for the current fiscal year was 4 percent (a 5 percent increase for governmental activities, and a 2 percent increase for business-type activities). At June 30, 2005, and June 30, 2004 the depreciable capital assets of the City were 36 percent depreciated. This indicates that the City is replacing its assets as they are depreciating.

	City of Davenport's Capital Assets					
	Governmental activities		Business-type activities		Total	
	2005	2004	2005	2004	2005	2004
Land	\$ 16,164	\$ 15,623	\$ 11,008	\$ 11,008	\$ 27,172	\$ 26,631
Buildings	63,968	55,245	89,332	86,041	153,300	141,286
Improvements						
Other than						
Buildings	8,956	8,814	8,706	7,125	17,662	15,939
Sanitary sewers	-	-	57,906	50,772	57,906	50,772
Equipment and						
Vehicles	27,178	28,417	26,122	20,724	53,300	49,141
Bridges	4,163	4,163	-	-	4,163	4,163
Traffic signals	6,903	6,875	-	-	6,903	6,875
Storm sewers	15,914	15,526	-	-	15,914	15,526
Paving	111,708	104,404	84	20	111,792	104,424
Construction in						
Progress	5,786	5,721	1,791	10,104	7,577	15,825
Accumulated						
Depreciation	(78,247)	(71,674)	(72,635)	(66,034)	(150,882)	(137,708)
Total	\$ 182,493	\$ 173,114	\$ 122,314	\$ 119,760	\$304,807	\$ 292,874

Major capital asset activities during fiscal year 2005 include the following:

Governmental activities

- Building of the River Music Skybridge, \$7,319.
- Paving completed and contributed by developers, \$1,655.
- Paving work by the City of \$5,649 including \$1,980 of street resurfacing, \$1,622 of full-depth patching, \$816 of street reconstruction, and \$668 of Eastern Avenue paving.

Business-type activities

- Sanitary sewers built and contributed by developers, \$709.
- Sanitary sewer work by the City included Jersey Ridge tunnel, \$1,752; Kirkwood street, \$1,915; and Wisconsin draw, \$651.
- Water Pollution Control Plant improvements included replacement of the aeration system, \$2,359; secondary clarifier, \$680
- Airport full depth runway patching, \$1,222.
- Solid waste removal equipment of \$597 (net of depreciation) was transferred from Governmental activities (General Fund) to Business-type activities in conjunction with the imposition of a new solid waste fee and accounting for all solid waste removal activities in the Solid Waste Fund.

Additional information on the City of Davenport's capital assets can be found in Note 5 in the notes to the financial statements.

Long-term debt. At the end of the current fiscal year, the City of Davenport had total bonded debt outstanding of \$118,765. Of this amount, \$77,727 comprises debt being serviced from the general debt service fund from property taxes and 60 percent of the local option sales tax proceeds. The remainder of the City of Davenport's debt represents bonds serviced by specified revenue sources, including the tax increment financing districts debt service fund, the levee improvement commission fund, the municipal improvement districts fund, the sewer operations enterprise fund, the public housing enterprise fund, the golf courses enterprise fund, the parking system enterprise fund, and the airport enterprise fund. The City has issued general obligation bonds backed by its full faith and credit, including the unlimited debt service property tax levy, which are planned to be retired from the above revenue sources rather than revenue bonds because legal debt capacity exists (see below) and the resulting lower interest costs benefit its citizens and service users. Detailed information on bonded debt abatement by fund is contained in a summary on pages 90 and 91 of this report.

City of Davenport's Outstanding Debt
General Obligation Bonds

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
General obligation Bonds	\$ 94,579	\$ 94,731	\$ 24,186	\$ 25,109	\$ 118,765	\$ 119,840

The City of Davenport's total debt decreased by \$1,075 during the current fiscal year. Debt retirement during the year offset the new issuance amount of \$11,690 in December 2004. The issuance was to finance the City's capital improvement program including streets, buildings, (including a branch library), sanitary sewers (abated by user

fees), and an economic development grant.

The City's scheduled debt repayment is rapid, with 81 percent of outstanding bonded debt scheduled for repayment in 10 years and 99 percent in 15 years

State Statutes limit the amount of general obligation debt a governmental entity may issue to five percent of its total assessed valuation. The current debt limitation for the City of Davenport is \$232,992, which is significantly in excess of the City of Davenport's outstanding general obligation debt, \$118,765, and other debt subject to the debt limitation \$9,617.

The City of Davenport maintains an AA rating from Standard & Poor's, and an Aa2 rating from Moody's Investors Service for general obligation debt. Both firms view the outlook for their most recent ratings as stable.

Additional information on the City of Davenport's long-term debt can be found in Note 9 in the notes to the financial statements.

Economic Factors and Current and Future Budgets

The City's General Fund was balanced with adoption of the FY 2006 budget. The adopted budget included a stormwater utility fee (currently \$2.50/month per ERU or equivalent residential unit) in order to fund the actions required to meet clean water and stormwater issues and to incrementally fund stormwater capital improvements. Certain of these costs have been funded in the General, Road Use Tax and Sanitary Sewer Funds and have been reallocated to the Stormwater Utility Fund. This reallocation balanced the General Fund (including Trust and Agency). The new fee also moves the City toward the long-term goal of revenue diversification and restructuring costs to match ongoing revenues.

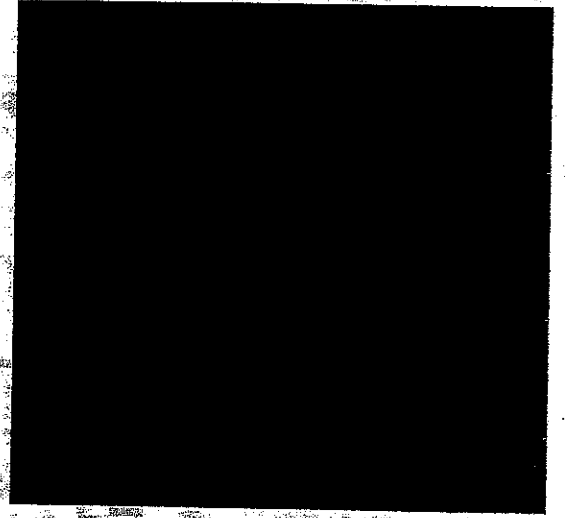
In 1992 the State consolidated local police and fire retirement systems into a state-wide system (MFPRSI). MFPRSI is funded from members' contributions (9.35 percent of earnable compensation), State of Iowa contribution of \$2,816 per year (approximately 1.63 percent of earnable compensation), and cities contribute the amount actuarially determined necessary to fund the benefits in accordance with accepted actuarial methods but not less than 17 percent of earnable compensation of the active members. Cities which are at the \$8.10 general levy maximum fund pension contributions from the Trust and Agency property tax levy. In 1999 the actuarially-determined City contribution rate was 11.12 percent. Since the minimum contribution rate established by statute was 17 percent, a margin of 5.88 percent was reported. This was at a time when investment returns were outstanding (and non-recurring). Police officers and firefighters requested that the State Legislature increase pension benefits. Cities through the Iowa League of Cities requested that the State Legislature decrease City contributions and provide a property tax reduction. The Legislature increased pension benefits in 2000. The actuarially-determined City contribution rate increased from 17 percent to 20.48 percent, 24.92 percent, and 28.21 percent for fiscal years 2004, 2005, and 2006, respectively. The increases were primarily the result of the pension benefit increase passed by the 2000 State Legislature and recent poor investment returns (losses) which are spread over a four-year period. As a result, the City's police and fire pension contribution has increased \$1,700 annually. However, the City's contribution rate for FY 2007 will be 27.75 percent and these pension contributions may stabilize.

Total employee benefit health claims increased 9 percent and 21 percent during fiscal years 2002 and 2003, respectively. Total employee benefit health claims decreased 2 percent during fiscal year 2004, and increased 22 percent during fiscal year 2005. The City's contribution to the Employee Health Insurance Fund for the majority of its employees (General Fund employees) is financed by the unlimited trust and agency property tax levy. Approximately 60 percent of the City's employees are represented by five different bargaining units (American Federation of State, County and Municipal Employees, Fire, Police, Teamsters and Transit). At issue during recent negotiations has been wages and cost-sharing related to health benefits. During the most recent negotiations for FY 2004 through 2006, the City sought and received employee monthly premiums from all employees. While the premium amounts are relatively small (1 percent and 2 percent or equivalent dollars of City cost) the precedent is important moving forward. Negotiations with all bargaining units are currently underway for FY 2007, including general wage increases and further containment of health benefits costs, including plan changes and/or increased premium share for employees.

For the future, plans to enable the City to continue to adopt balanced budgets include: continued use of the unlimited levies for employee benefits (Trust and Agency) and property and liability insurance and claims (Tort); the City has a strong record of implementing expenditure reductions and introducing efficiencies in order to balance General Fund budgets and current efforts/projects include a technology assessment, a public transit consolidation (Iowa) study and formation of a panel of Scott County, Davenport and Bettendorf officials and citizens to review the opportunity for service consolidation, including public safety emergency dispatch.

Requests for Information

This financial report is designed to provide a general overview of the City of Davenport's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Kent R. Kolwey, Finance Director, City of Davenport, 226 West Fourth Street, Davenport, IA 52801.



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momentum ... momentum.....

momentum

CITY OF DAVENPORT

STATEMENT OF NET ASSETS
June 30, 2005

ASSETS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Current assets:			
Unrestricted current assets:			
Cash and investments	\$ 49,593,219	\$ 7,482,185	\$ 57,075,404
Delinquent property taxes receivable	919,061	51,764	970,825
Succeeding year property taxes receivable	49,041,364	2,874,901	51,916,265
Other taxes receivable	2,779,966	-	2,779,966
Special assessments	837,429	-	837,429
Accounts receivable	934,229	4,097,766	5,031,995
Loans receivable	7,400,608	-	7,400,608
Accrued interest receivable	342,534	74,866	417,400
Internal balances	1,031,305	(1,031,305)	-
Due from other governments	2,492,241	476,368	2,968,609
Prepaid items	59,501	51,438	110,939
Deferred charge-issuance cost	148,680	171,849	320,529
Total unrestricted current assets	<u>115,580,137</u>	<u>14,249,832</u>	<u>129,829,969</u>
Restricted current assets:			
Cash and cash equivalents	<u>52,897</u>	<u>6,157,924</u>	<u>6,210,821</u>
Total current assets	<u>115,633,034</u>	<u>20,407,756</u>	<u>136,040,790</u>
Noncurrent assets:			
Investment in joint venture	-	618,664	618,664
Capital assets:			
Land	16,164,133	11,008,092	27,172,225
Buildings	63,968,155	89,332,234	153,300,389
Improvements other than buildings	8,956,225	8,705,702	17,661,927
Sanitary sewers	-	57,905,528	57,905,528
Equipment and vehicles	27,178,120	26,121,851	53,299,971
Bridges	4,163,028	-	4,163,028
Traffic signals	6,903,574	-	6,903,574
Storm sewers	15,913,673	-	15,913,673
Paving	111,707,728	84,360	111,792,088
Construction in progress	5,785,936	1,791,069	7,577,005
Accumulated depreciation	<u>(78,247,388)</u>	<u>(72,635,154)</u>	<u>(150,882,542)</u>
Total capital assets	<u>182,493,184</u>	<u>122,313,682</u>	<u>304,806,866</u>
Total noncurrent assets	<u>182,493,184</u>	<u>122,932,346</u>	<u>305,425,530</u>
Total assets	<u>\$ 298,126,218</u>	<u>\$ 143,340,102</u>	<u>\$ 441,466,320</u>

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
LIABILITIES			
Liabilities:			
Current liabilities:			
Accounts payable	\$ 3,621,178	\$ 630,017	\$ 4,251,195
Contracts payable	739,229	-	739,229
Accrued wages payable	1,579,376	303,040	1,882,416
Accrued compensated absences	4,996,228	511,044	5,507,272
Claims and judgments	4,671,790	-	4,671,790
Due to other governments	56,865	-	56,865
Accrued interest payable	394,815	74,667	469,482
General obligation bonds payable	10,333,950	2,331,050	12,665,000
Unearned revenue:			
Succeeding year property tax	49,041,364	2,874,901	51,916,265
Other	8,282,830	87,206	8,370,036
Total	<u>83,717,625</u>	<u>6,811,925</u>	<u>90,529,550</u>
Current liabilities payable from restricted assets:			
Accounts payable	52,897	-	52,897
Deposits payable	-	633,623	633,623
Notes payable	112,726	-	112,726
Loan payable	159,149	-	159,149
Total current liabilities payable from restricted assets	<u>324,772</u>	<u>633,623</u>	<u>958,395</u>
Total current liabilities	<u>84,042,397</u>	<u>7,445,548</u>	<u>91,487,945</u>
Noncurrent liabilities:			
Accrued compensated absences	666,503	45,649	712,152
Note payable	403,927	-	403,927
General obligation bonds payable	82,613,469	21,707,715	104,321,184
Special assessment with government commitment	837,429	-	837,429
Total noncurrent liabilities	<u>84,521,328</u>	<u>21,753,364</u>	<u>106,274,692</u>
Total liabilities	<u>168,563,725</u>	<u>29,198,912</u>	<u>197,762,637</u>
NET ASSETS			
Invested in capital assets, net of related debt	88,164,547	100,497,072	188,661,619
Restricted:			
Employee benefits	3,430,427	-	3,430,427
Tort liability	1,466,711	-	1,466,711
Capital projects	2,824,505	-	2,824,505
Debt retirement	10,805,174	-	10,805,174
Local option sales tax-capital projects	9,051,251	-	9,051,251
Road use tax	5,812,325	-	5,812,325
Community development act loans	193,502	-	193,502
Municipal improvement districts	478,098	-	478,098
Revolving loans	1,103,327	-	1,103,327
Law enforcement block grant	245,848	-	245,848
Fair housing grant	83,055	-	83,055
Unrestricted	5,903,723	13,644,118	19,547,841
Total net assets	<u>\$ 129,562,493</u>	<u>\$ 114,141,190</u>	<u>\$ 243,703,683</u>

The notes to the financial statements are an integral part of this statement.

CITY OF DAVENPORT

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2005

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SALES AND SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
Governmental activities:				
Public safety	\$ 32,069,077	\$ 1,577,554	\$ 631,153	\$ -
Public works	18,288,161	1,753,160	1,217,039	4,007,359
Culture and recreation	15,273,271	499,872	962,732	4,000,000
Community and economic development	12,540,036	1,066,391	7,047,506	91,904
General government	10,445,510	1,677,053	132,280	-
Interest on long-term debt	4,697,555	-	-	-
Total governmental activities	93,313,610	6,574,030	9,990,710	8,099,263
Business-type activities:				
Parking system	1,987,325	1,630,981	-	-
Sewer operations	12,336,175	10,207,702	-	2,108,010
Rivercenter	3,856,510	2,693,539	-	955,839
Public transit	4,464,738	593,905	790,633	25,467
Public housing	956,687	327,173	572,828	64,791
Golf courses	2,651,694	2,404,051	-	60,603
Airport	446,777	154,581	-	1,125,402
Solid waste	4,255,444	3,729,191	-	-
Total business-type activities	30,955,350	21,741,123	1,363,461	4,340,112
Total government	\$ 124,268,960	\$ 28,315,153	\$ 11,354,171	\$ 12,439,375

General Revenues:

Taxes:

Property taxes, levied for general purposes
Property taxes, levied for debt service
Property taxes, levied for public transit
Local option sales tax
Hotel/motel tax
Franchise taxes
Road use taxes

Investment earnings

Miscellaneous

Transfers

Total general revenues and transfers

Change in net assets

Net assets, beginning (as restated)

Net assets, ending

The notes to the financial statements are an integral part of this statement.

NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS

<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
\$ (29,860,370)	\$ -	\$ (29,860,370)
(11,310,603)	-	(11,310,603)
(9,810,667)	-	(9,810,667)
(4,334,235)	-	(4,334,235)
(8,636,177)	-	(8,636,177)
(4,697,555)	-	(4,697,555)
<u>(68,649,607)</u>	<u>-</u>	<u>(68,649,607)</u>
-	(356,344)	(356,344)
-	(20,463)	(20,463)
-	(207,132)	(207,132)
-	(3,054,733)	(3,054,733)
-	8,105	8,105
-	(187,040)	(187,040)
-	833,206	833,206
-	(526,253)	(526,253)
-	(3,510,654)	(3,510,654)
<u>(68,649,607)</u>	<u>(3,510,654)</u>	<u>(72,160,261)</u>
41,592,584	-	41,592,584
5,458,334	-	5,458,334
-	2,769,893	2,769,893
12,556,556	-	12,556,556
1,395,028	-	1,395,028
3,293,130	-	3,293,130
8,174,789	-	8,174,789
1,943,966	462,890	2,406,856
295,533	56,464	351,997
(970,101)	970,101	-
<u>73,739,819</u>	<u>4,259,348</u>	<u>77,999,167</u>
5,090,212	748,694	5,838,906
<u>124,472,281</u>	<u>113,392,496</u>	<u>237,864,777</u>
<u>\$ 129,562,493</u>	<u>\$ 114,141,190</u>	<u>\$ 243,703,683</u>

CITY OF DAVENPORT

**GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2005**

ASSETS	GENERAL FUND	LOCAL	
		OPTION SALES TAX FUND	GENERAL DEBT SERVICE FUND
Cash and investments	\$ 12,671,325	\$ 8,490,773	\$ 8,589,061
Receivables:			
Property taxes:			
Delinquent	760,336	-	57,426
Succeeding year	42,185,856	-	3,209,945
Other taxes	799,447	1,980,519	-
Accounts	742,432	20,392	10,224
Special assessments	-	26,509	810,920
Loans	-	-	-
Interest	145,889	-	109,307
Interfund loans receivable	556,278	-	1,188,312
Due from other governments	257,165	8,421	1,161
Prepays	26,657	-	-
Restricted assets-cash and investments	-	-	-
TOTAL ASSETS	\$ 58,145,385	\$ 10,526,614	\$ 13,976,356
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Wages payable	\$ 1,347,821	\$ 22,101	\$ -
Accounts payable	734,370	9,439	-
Contracts payable	-	-	-
Payable from restricted assets	-	-	-
Interfund loans payable	450,000	1,417,791	-
Due to other governments	-	-	-
Deferred revenue:			
Succeeding year property tax	42,185,856	-	3,209,945
Other	321,330	26,032	801,364
Matured bonds payable	-	-	30,000
Matured interest payable	-	-	4,193
Total Liabilities	45,039,377	1,475,363	4,045,502
FUND BALANCES:			
Reserved for encumbrances	224,594	292,432	-
Reserved for future projects	-	-	-
Reserved for tort liability	1,466,711	-	-
Reserved for loan applicants	-	-	-
Reserved for employee benefits	3,343,947	-	-
Reserved for library	652,823	-	-
Reserved for prepaids	26,657	-	-
Reserved for debt retirement	-	-	9,930,854
Reserved for drug enforcement	217,884	-	-
Reserved for capital projects	-	8,758,819	-
Unreserved:			
Designated for specific projects:			
General	1,190,806	-	-
Special revenue	-	-	-
Undesignated:			
General	5,982,586	-	-
Capital projects	-	-	-
Special revenue	-	-	-
Total Fund Balances	13,106,008	9,051,251	9,930,854
TOTAL LIABILITIES AND FUND BALANCES	\$ 58,145,385	\$ 10,526,614	\$ 13,976,356

The notes to the financial statements are an integral part of this statement.

CAPITAL PROJECTS FUND	TOTAL NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ 4,044,963	\$ 9,110,937	\$ 42,907,059
-	101,299	919,061
-	3,645,563	49,041,364
-	-	2,779,966
-	56,062	829,110
-	-	837,429
-	7,400,608	7,400,608
16,680	24,589	296,465
731,343	-	2,475,933
941,486	1,278,996	2,487,229
-	584	27,241
-	52,897	52,897
<u>\$ 5,734,472</u>	<u>\$ 21,671,535</u>	<u>\$ 110,054,362</u>
\$ 6,072	\$ 167,076	\$ 1,543,070
2,164,666	460,084	3,368,559
739,229	-	739,229
-	52,897	52,897
-	284,313	2,152,104
-	10,198	10,198
-	3,645,563	49,041,364
-	7,457,460	8,606,186
-	-	30,000
-	-	4,193
<u>2,909,967</u>	<u>12,077,591</u>	<u>65,547,800</u>
10,255,227	1,060,050	11,832,303
-	470,084	470,084
-	-	1,466,711
-	1,296,829	1,296,829
-	-	3,343,947
-	-	652,823
-	584	27,241
-	1,212,378	11,143,232
-	-	217,884
-	-	8,758,819
-	-	1,190,806
-	416,127	416,127
-	-	5,982,586
(7,430,722)	-	(7,430,722)
-	5,137,892	5,137,892
<u>2,824,505</u>	<u>9,593,944</u>	<u>44,506,562</u>
<u>\$ 5,734,472</u>	<u>\$ 21,671,535</u>	<u>\$ 110,054,361</u>



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CITY OF DAVENPORT

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF
NET ASSETS
June 30, 2005**

Total governmental fund balances	\$ 44,506,562
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	182,197,578
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	323,356
Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	2,130,345
Internal service fund activities allocated to business-type activities	707,476
Deferred charges	148,680
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	
Accrued employee benefits	
Accrued interest payable	(5,583,565)
Notes payable	(390,622)
General obligation bonds payable	(516,653)
Loans payable	(93,754,848)
	(205,816)
	(100,451,504)
Net assets of governmental activities	\$ 129,562,493

The notes to the financial statements are an integral part of this statement

CITY OF DAVENPORT

GOVERNMENTAL FUNDS

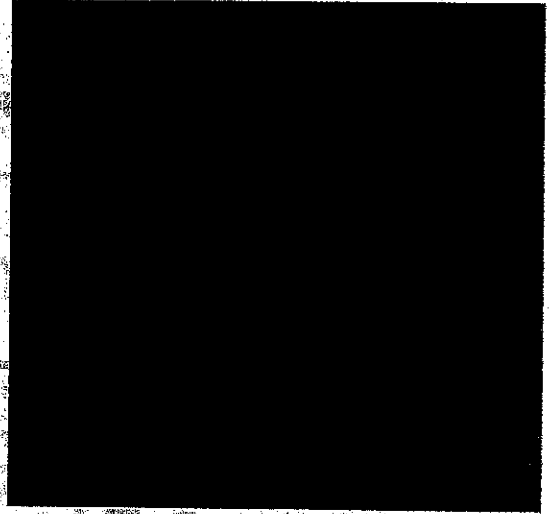
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

For the Fiscal Year Ended June 30, 2005

	GENERAL FUND	LOCAL OPTION SALES TAX FUND	GENERAL DEBT SERVICE FUND	CAPITAL PROJECTS FUND
REVENUES:				
Taxes	\$ 44,466,086	\$ 12,556,556	\$ 3,081,170	\$ -
Special assessments	-	13,815	42,149	-
Licenses and permits	1,570,833	-	-	-
Intergovernmental	945,513	-	16	6,366,909
Charges for services	3,263,467	71,380	-	-
Use of monies and property	1,011,124	12,185	384,936	62,261
Fines and forfeits	592,685	-	-	-
Loan repayments	-	-	-	-
Other	509,666	-	484,992	1,718,311
Total Revenues	<u>52,359,374</u>	<u>12,653,936</u>	<u>3,993,263</u>	<u>8,147,481</u>
EXPENDITURES:				
Current:				
Public safety	30,837,023	550,719	-	-
Public works	3,627,910	900,806	-	-
Culture and recreation	7,701,673	124,330	-	-
Community and economic development	1,818,991	-	-	-
General government	6,675,706	75,733	3,500	-
Capital outlay	-	-	-	26,981,978
Debt service:				
Principal retirement	-	-	8,976,055	-
Interest	-	-	3,432,049	-
Bond issuance costs	-	-	-	35,791
Total Expenditures	<u>50,661,303</u>	<u>1,651,588</u>	<u>12,411,604</u>	<u>27,017,769</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,698,071</u>	<u>11,002,348</u>	<u>(8,418,341)</u>	<u>(18,870,288)</u>
OTHER FINANCING SOURCES (USES):				
Bond issuance	-	-	-	10,337,492
Discount on debt issued	-	-	-	(18,161)
Sale of capital assets	5,285	-	-	89,961
Transfers in	355,263	-	7,633,933	3,793,045
Transfers out	(1,523,375)	(10,014,827)	-	-
Total Other Financing Sources (Uses)	<u>(1,162,827)</u>	<u>(10,014,827)</u>	<u>7,633,933</u>	<u>14,202,337</u>
NET CHANGE IN FUND BALANCES	535,244	987,521	(784,408)	(4,667,951)
FUND BALANCES - BEGINNING	<u>12,570,764</u>	<u>8,063,730</u>	<u>10,715,262</u>	<u>7,492,456</u>
FUND BALANCES - ENDING	<u>\$ 13,106,008</u>	<u>\$ 9,051,251</u>	<u>\$ 9,930,854</u>	<u>\$ 2,824,505</u>

The notes to the financial statements are an integral part of this statement.

TOTAL NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ 3,416,185	\$ 63,519,997
-	55,964
29,469	1,600,302
14,488,652	21,801,090
-	3,334,847
473,460	1,943,966
12,066	604,751
978,166	978,166
339,530	3,052,499
<u>19,737,528</u>	<u>96,891,582</u>
151,422	31,539,164
7,300,365	11,829,081
52,173	7,878,176
9,118,451	10,937,442
123,973	6,878,912
-	26,981,978
1,833,254	10,809,309
1,116,981	4,549,030
-	35,791
<u>19,696,619</u>	<u>111,438,883</u>
<u>40,909</u>	<u>(14,547,301)</u>
17,508	10,355,000
-	(18,161)
700	95,946
93,911	11,876,152
(711,535)	(12,249,737)
<u>(599,416)</u>	<u>10,059,200</u>
(558,507)	(4,488,101)
<u>10,152,451</u>	<u>48,994,663</u>
<u>\$ 9,593,944</u>	<u>\$ 44,506,562</u>



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CITY OF DAVENPORT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Fiscal Year Ended June 30, 2005

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances: total governmental funds \$(4,488,101)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost for those assets is allocated over their estimated useful lives and reported as depreciation expense. The following is the detail of the amount by which depreciation exceeded capital outlay in the current period.

Capital Outlay	16,489,703
Depreciation	<u>(8,805,256)</u>
	<u>7,684,447</u>

The following is the detail of various miscellaneous transactions involving capital assets which effect the increase/decrease in assets in the current period.

Donations	2,359,350
Disposals	(92,120)
Transfers of capital assets to enterprise capital assets	(596,516)
	<u>1,670,714</u>

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 122,991

The issuance of long-term debt (bonds) provides current financial resources to governmental funds, while the repayment of the principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. In the statement of activities, interest is accrued on outstanding bonds, whereas in the governmental funds interest expenditures are reported when due. The following is the detail of the net effect of these differences in the treatment of long-term debt and related items.

General obligation bonds issued	(10,336,839)
Repayment of bond principal	10,676,333
Deferred charges	20,242
Interest	<u>63,723</u>
	<u>423,459</u>

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. 186,192

Internal services funds are used by management to charge the costs of various activities internally to individual funds. The net expense of certain activities of internal service funds is reported with governmental activities. (509,490)

Change in net assets of governmental activities \$5,090,212

The notes to the financial statements are an integral part of this statement

CITY OF DAVENPORT
PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
June 30, 2005
BUSINESS-TYPE ACTIVITIES -

ASSETS	PARKING SYSTEM	SEWER OPERATIONS
Current assets:		
Cash and cash equivalents	\$ 1,377,658	\$ 5,534,452
Receivables:		
Property taxes:		
Delinquent	-	-
Succeeding year	-	-
Accounts	40,116	2,766,179
Interest	8,135	61,402
Due from other governments	-	103,419
Prepays	-	-
Restricted cash and cash equivalents	-	5,834,491
Total current assets	<u>1,425,909</u>	<u>14,299,943</u>
Noncurrent assets:		
Deferred charges	39,126	118,738
Investment in joint venture	-	-
Capital assets:		
Land	3,607,868	628,157
Buildings	26,238,949	28,910,467
Improvements other than buildings	-	142,418
Sanitary sewers	-	57,905,528
Equipment and vehicles	504,658	16,454,106
Paving	-	-
Less accumulated depreciation	(3,851,278)	(45,248,046)
Construction in progress	-	1,424,516
Total noncurrent assets	<u>26,539,323</u>	<u>60,335,884</u>
Total assets	<u>27,965,232</u>	<u>74,635,827</u>
LIABILITIES		
LIABILITIES:		
Current liabilities:		
Wages payable	11,555	133,265
Accounts payable	23,487	227,630
Accrued interest payable	26,581	42,995
Compensated absences	15,555	294,785
Claims and judgments	-	-
Deposits payable	-	604,155
Interfund loans payable	-	28,823
Deferred revenue:		
Succeeding year property tax	-	-
Other	-	-
General obligation bonds - current	224,800	1,871,250
Total current liabilities	<u>301,978</u>	<u>3,202,903</u>
Noncurrent liabilities:		
Compensated absences	2,075	16,799
General obligation bonds -long term	9,632,140	10,879,640
Total noncurrent liabilities	<u>9,634,215</u>	<u>10,896,439</u>
Total liabilities	<u>9,936,193</u>	<u>14,099,342</u>
NET ASSETS		
Invested in capital assets, net of related debt	16,682,383	49,523,206
Unrestricted	1,346,656	11,013,279
Total net assets	<u>\$ 18,029,039</u>	<u>\$ 60,536,485</u>

The notes to the financial statements are an integral part of this statement

ENTERPRISE FUNDS

<u>RIVERCENTER</u>	<u>TOTAL NON-MAJOR ENTERPRISE FUNDS</u>	<u>TOTAL ENTERPRISE FUNDS</u>	<u>GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS</u>
\$ 23,808	\$ 546,267	\$ 7,482,185	\$ 6,686,160
-	51,764	51,764	-
-	2,874,901	2,874,901	-
86,009	1,205,462	4,097,766	105,119
-	5,329	74,866	46,069
-	372,949	476,368	5,012
51,438	-	51,438	32,260
-	323,433	6,157,924	-
<u>161,255</u>	<u>5,380,105</u>	<u>21,267,212</u>	<u>6,874,620</u>
-	13,985	171,849	-
-	618,664	618,664	-
2,625,230	4,146,837	11,008,092	-
20,755,854	13,426,964	89,332,234	-
29,403	8,533,881	8,705,702	-
-	-	57,905,528	-
652,031	8,511,056	26,121,851	1,468,040
-	84,360	84,360	-
(7,346,877)	(16,188,953)	(72,635,154)	(1,172,434)
274,172	92,381	1,791,069	-
<u>16,989,813</u>	<u>19,239,175</u>	<u>123,104,195</u>	<u>295,606</u>
<u>17,151,068</u>	<u>24,619,280</u>	<u>144,371,407</u>	<u>7,170,226</u>
1,201	157,019	303,040	36,306
146,332	232,568	630,017	252,619
-	5,091	74,667	-
897	199,807	511,044	69,847
-	-	-	4,671,790
2,000	27,468	633,623	-
-	295,006	323,829	-
-	2,874,901	2,874,901	-
66,935	20,271	87,206	-
-	235,000	2,331,050	-
<u>217,365</u>	<u>4,047,131</u>	<u>7,769,377</u>	<u>5,030,562</u>
119	26,656	45,649	9,319
-	1,195,935	21,707,715	-
119	1,222,591	21,753,364	9,319
<u>217,484</u>	<u>5,269,722</u>	<u>29,522,741</u>	<u>5,039,881</u>
16,989,813	17,301,670	100,497,072	295,606
(56,229)	2,047,888	14,351,594	1,834,739
<u>\$ 16,933,584</u>	<u>\$ 19,349,558</u>	<u>\$ 114,848,666</u>	<u>\$ 2,130,345</u>



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CITY OF DAVENPORT

RECONCILIATION OF ENTERPRISE FUNDS NET ASSETS TO THE STATEMENT OF NET ASSETS
June 30, 2005

Total enterprise funds net assets	\$ 114,848,666
Amounts reported for enterprise activities in the statement of net assets are different because:	
Internal service funds are used by management to charge the costs of certain services to individual funds. Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds.	(267,458)
Adjustments to reflect the consolidation of prior years internal service fund activities related to enterprise funds.	<u>(440,018)</u>
Net assets of business-type activities	<u>\$ 114,141,190</u>

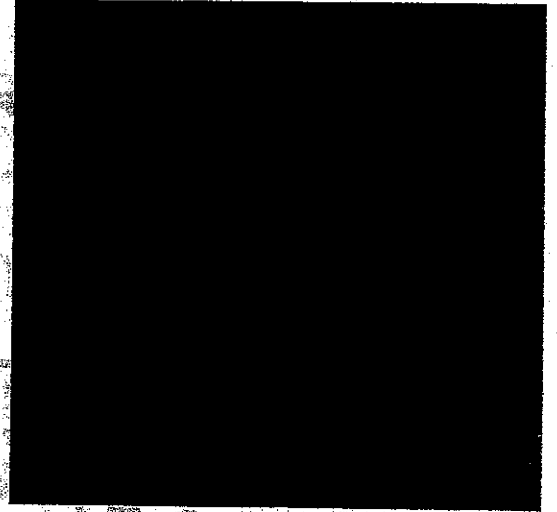
The notes to the financial statements are an integral part of this statement.

CITY OF DAVENPORT**PROPRIETARY FUNDS****STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS****For the Fiscal Year Ended June 30, 2005****BUSINESS-TYPE ACTIVITIES -**

	<u>PARKING SYSTEM</u>	<u>SEWER OPERATIONS</u>	<u>RIVERCENTER</u>
OPERATING REVENUES:			
Charges for services	\$ 1,515,545	\$ 10,207,702	\$ 2,693,539
Fines and forfeits	115,436	-	-
Other	369	7,331	-
Total Operating Revenues	<u>1,631,350</u>	<u>10,215,033</u>	<u>2,693,539</u>
OPERATING EXPENSES:			
Employee expenses	427,386	4,684,475	43,970
Supplies and services	504,086	4,117,513	3,191,729
Depreciation	726,451	2,893,200	589,744
Total Operating Expenses	<u>1,657,923</u>	<u>11,695,188</u>	<u>3,825,443</u>
OPERATING INCOME (LOSS)	<u>(26,573)</u>	<u>(1,480,155)</u>	<u>(1,131,904)</u>
NON-OPERATING REVENUES (EXPENSES):			
Taxes	-	-	-
Operating grants	-	-	-
Use of monies and property	39,974	338,135	96
Interest expense	(304,900)	(571,777)	-
Gain (loss) on disposition of capital assets	-	-	-
Joint venture adjustment	-	-	-
Total Non-operating Revenues (Expenses)	<u>(264,926)</u>	<u>(233,642)</u>	<u>96</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>(291,499)</u>	<u>(1,713,797)</u>	<u>(1,131,808)</u>
Capital contributions	-	2,108,010	955,839
Transfers in	-	-	542,064
Transfers out	<u>(100,000)</u>	<u>-</u>	<u>-</u>
Change in net assets	<u>(391,499)</u>	<u>394,213</u>	<u>366,095</u>
Total net assets - beginning	<u>18,420,538</u>	<u>60,142,272</u>	<u>16,567,489</u>
Total net assets - ending	<u>\$ 18,029,039</u>	<u>\$ 60,536,485</u>	<u>\$ 16,933,584</u>

The notes to the financial statements are an integral part of this statement.

ENTERPRISE FUNDS		
TOTAL NON-MAJOR ENTERPRISE FUNDS	TOTAL ENTERPRISE FUNDS	GOVERNMENTAL ACTIVITIES- INTERNAL SERVICE FUNDS
\$ 7,055,184	\$ 21,471,970	\$ 14,967,116
-	115,436	-
48,764	56,464	3,452
<u>7,103,948</u>	<u>21,643,870</u>	<u>14,970,568</u>
5,342,405	10,498,236	1,094,293
5,914,412	13,727,740	14,848,879
1,302,231	5,511,626	116,277
<u>12,559,048</u>	<u>29,737,602</u>	<u>16,059,449</u>
<u>(5,455,100)</u>	<u>(8,093,732)</u>	<u>(1,088,881)</u>
2,769,893	2,769,893	-
1,363,461	1,363,461	-
84,685	462,890	171,915
(67,475)	(944,152)	-
(1,369)	(1,369)	-
148,948	148,948	-
<u>4,298,143</u>	<u>3,799,671</u>	<u>171,915</u>
(1,156,957)	(4,294,061)	(916,966)
1,872,779	4,936,628	140,018
-	542,064	-
(68,479)	(168,479)	-
<u>647,343</u>	<u>1,016,152</u>	<u>(776,948)</u>
<u>18,702,215</u>	<u>113,832,514</u>	<u>2,907,293</u>
<u>\$ 19,349,558</u>	<u>\$ 114,848,666</u>	<u>\$ 2,130,345</u>



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CITY OF DAVENPORT

**RECONCILIATION OF THE CHANGE IN NET ASSETS OF ENTERPRISE FUNDS TO THE
STATEMENT OF ACTIVITIES**

For the Fiscal Year Ended June 30, 2005

Net change in net assets in enterprise funds \$ 1,016,152

Amounts reported for proprietary activities in the statement of activities are different because:

Internal service funds are used by management to charge the costs of various activities internally to individual funds. Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.

(267,458)

Change in net assets of business-type activities

\$ 748,694

The notes to the financial statements are an integral part of this statement

CITY OF DAVENPORT**PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2005****BUSINESS-TYPE ACTIVITIES -**

	<u>PARKING SYSTEM</u>	<u>SEWER OPERATIONS</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from users	\$ 1,639,851	\$ 10,975,917
Cash paid to suppliers for goods and services	(503,198)	(3,385,740)
Cash paid to employees for services	(438,013)	(4,658,444)
Payment in lieu of taxes	-	(624,696)
Other operating revenue	369	7,331
Net Cash Provided by (Used for) Operating Activities	<u>699,009</u>	<u>2,314,368</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Repayments to other funds	-	-
Advances from other funds	-	28,823
Operating grants	-	-
Property tax	-	-
Transfers in	-	-
Transfers out	(100,000)	-
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>(100,000)</u>	<u>28,823</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from general obligation bonds	-	1,130,000
Proceeds from the sale of capital assets	-	-
Acquisition and construction of capital assets	-	(3,404,452)
Principal paid on long-term debt	(125,000)	(1,918,950)
Interest paid on long-term debt	(295,883)	(571,777)
Special assessments	-	(121)
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(420,883)</u>	<u>(4,765,300)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest and investment income	<u>37,915</u>	<u>335,278</u>
Net Increase (Decrease) in Cash and Cash Equivalents	216,041	(2,086,831)
CASH AND CASH EQUIVALENTS-BEGINNING	<u>1,161,617</u>	<u>13,455,774</u>
CASH AND CASH EQUIVALENTS-ENDING	<u>\$ 1,377,658</u>	<u>\$ 11,368,943</u>

The notes to the financial statements are an integral part of this statement.

ENTERPRISE FUNDS

<u>RIVERCENTER</u>	<u>TOTAL NON-MAJOR ENTERPRISE FUNDS</u>	<u>TOTAL ENTERPRISE FUNDS</u>	<u>GOVERNMENTAL ACTIVITIES- INTERNAL SERVICE FUNDS</u>
\$ 2,652,561	\$ 6,352,261	\$ 21,620,590	\$ 14,863,930
(3,061,165)	(5,851,201)	(12,801,304)	(14,172,547)
(50,053)	(5,258,032)	(10,404,542)	(1,045,413)
-	-	(624,696)	-
-	48,763	56,463	3,452
(458,657)	(4,708,209)	(2,153,489)	(350,578)
(59,695)	(39,103)	(98,798)	-
-	295,006	323,829	-
-	1,363,461	1,363,461	-
-	2,765,123	2,765,123	-
542,064	-	542,064	-
-	(68,479)	(168,479)	-
482,369	4,316,008	4,727,200	-
-	205,000	1,335,000	-
-	2,875	2,875	-
-	(251,097)	(3,655,549)	-
-	(215,000)	(2,258,950)	-
-	(65,086)	(932,746)	-
-	-	(121)	-
-	(323,308)	(5,509,491)	-
96	85,332	458,621	161,633
23,808	(630,177)	(2,477,159)	(188,945)
-	1,499,877	16,117,268	6,875,105
<u>\$ 23,808</u>	<u>\$ 869,700</u>	<u>\$ 13,640,109</u>	<u>\$ 6,686,160</u>

(continued)

CITY OF DAVENPORT**PROPRIETARY FUNDS (CONTINUED)
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2005**

	<u>BUSINESS-TYPE ACTIVITIES -</u>	
	<u>PARKING SYSTEM</u>	<u>SEWER OPERATIONS</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</u>		
Operating Income (Loss)	<u>\$ (26,573)</u>	<u>\$ (1,480,155)</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:		
Depreciation	726,451	2,893,200
Change in assets and liabilities:		
Decrease (increase) in accounts receivable	8,870	28,447
Decrease (increase) in due from other governments	-	570,316
Decrease (increase) in prepaids	-	-
Increase (decrease) in accounts payable	888	276,529
Increase (decrease) in other accrued liabilities	(10,627)	26,031
Increase (decrease) in other deferred revenue	-	-
Increase (decrease) in due to other governments	-	-
Total Adjustments	<u>725,582</u>	<u>3,794,523</u>
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>\$ 699,009</u>	<u>\$ 2,314,368</u>
<u>SCHEDULE OF NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</u>		
Acquisition of capital assets	\$ -	\$ -
Contribution of capital assets by municipality	-	-
Contribution of capital assets by subdividers	-	-
Contribution of capital assets by state and federal governments	-	-

ENTERPRISE FUNDS

<u>RIVERCENTER</u>	<u>TOTAL NON-MAJOR ENTERPRISE FUNDS</u>	<u>TOTAL ENTERPRISE FUNDS</u>	<u>GOVERNMENTAL ACTIVITIES- INTERNAL SERVICE FUNDS</u>
<u>\$ (1,131,904)</u>	<u>\$ (5,455,100)</u>	<u>\$ (8,093,732)</u>	<u>\$ (1,088,881)</u>
589,744	1,302,231	5,511,626	116,277
(7,148)	(452,104)	(421,935)	(104,294)
-	(256,415)	313,901	1,108
47,592	58,480	106,072	(972)
82,972	4,725	365,114	679,029
(6,083)	84,378	93,699	48,880
(33,830)	5,596	(28,234)	-
-	-	-	(1,725)
<u>673,247</u>	<u>746,891</u>	<u>5,940,243</u>	<u>738,303</u>
<u>\$ (458,657)</u>	<u>\$ (4,708,209)</u>	<u>\$ (2,153,489)</u>	<u>\$ (350,578)</u>
\$ (955,839)	\$ (1,235,786)	\$ (2,191,625)	\$ (140,018)
888,039	618,079	1,506,118	140,018
-	-	-	-
67,800	617,707	685,507	-

CITY OF DAVENPORT

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
June 30, 2005

	AGENCY FUNDS
<u>ASSETS</u>	
Cash and investments	\$ 344,668
Interest receivable	2,086
Total assets	<u>\$ 346,754</u>
<u>LIABILITIES</u>	
Accounts payable	\$ 45,452
Due to other governments	301,302
Total liabilities	<u>\$ 346,754</u>

The notes to the financial statements are an integral part of this statement.

CITY OF DAVENPORT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Davenport, Iowa, was incorporated in 1836 and is one of the few remaining special charter cities in Iowa. The General Assembly of Iowa in 1851 adopted a special charter of the City and with subsequent amendments adopted by the General Assembly in 1853, 1855 and 1857, the charter has remained unchanged to this date. Subsequent changes to the laws of the State of Iowa affecting cities under special charter have been made from time to time and are now codified in Chapter 420, Code of Iowa. The form of City government is Mayor-Council, utilizing a professional City Administrator. The City of Davenport provides a wide variety of public services through eleven professionally staffed departments and the office of the City Administrator, including public safety (police and fire), streets, sewers and bridges, garbage and refuse collection, sewage treatment, culture-recreation, mass transportation, public improvements, planning and zoning, and general administrative services.

These financial statements have been prepared in conformity with the accounting principles generally accepted in the United States of America (GAAP) that apply to governmental units. All funds created under the authority of the State Code of Iowa, the operations of which are under the control of the City's governing body required by financial reporting standards for governmental units, are included herewith.

The City of Davenport has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on, the City.

The City of Davenport does not include any component units within its reporting entity.

Joint Venture – the City is a participant in a joint venture agreement (Quad-City Garage Policy Group) with Rock Island County, Illinois, which is adjacent to Davenport, for the operation of a garage and maintenance facility used by the transit programs of each entity. The City maintains a 12% interest in the venture with Rock Island County maintaining the remaining 88%. Funding of the maintenance operation is achieved through allocation of expenditures between the City and Rock Island County based upon usage.

Operations are reimbursed on a break-even basis, the City providing approximately 25% and Rock Island County providing 75% for the year. The City paid \$904,235 in maintenance fees during the year. The Group is accounted for on an equity basis as an investment in joint venture in the Transit Fund (Note 8). Financial statements of the Quad-City Garage Policy Group may be obtained from the entity's administrative office at 2929 5th Avenue, Rock Island, IL 61201.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the City. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services.

The statement of net assets presents the City's non-fiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories. *Invested in capital assets, net of related debt* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets. *Restricted net assets* result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional

CITY OF DAVENPORT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2005 (CONTINUED)

provisions or enabling legislation. *Unrestricted net assets* consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, propriety funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Fund Accounting

The accounts of the City are organized on the basis of funds each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, reserves, fund balances/net assets, revenues and expenditures or expenses, as appropriate. Major individual governmental and proprietary funds are reported as separate columns in the fund financial statements. All remaining governmental and proprietary funds are aggregated and reported as non-major governmental and proprietary funds. The City has the following funds:

(1) Governmental Fund Types

Governmental fund types are those funds through which most governmental functions of the city are financed. The acquisition, use and balances of the City's expendable financial resources and the related liabilities (except those accounted for in Proprietary Funds) are accounted for through Governmental funds. The measurement focus is upon determination of changes in financial position, rather than upon net income determination. The following comprise the City's major governmental funds:

(a) General Fund

The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required legally or by sound financial management to be accounted for in another fund.

(b) Local Option Sales Tax Fund

The Local Option Sales Tax Fund is a special revenue fund, which accounts for revenue received from a 1% sales tax, to be used for property tax relief and public improvements.

(c) General Debt Service Fund

The General Debt Service Fund is a debt service fund which accounts for the accumulation of resources for and the payment of principal and interest on general obligation long-term debt from governmental resources and principal and interest on special assessment debt with governmental commitment from special assessment levies. The City levies an annual property tax, which is unlimited by law, to finance the debt service requirements not abated by special assessments.

(d) Capital Projects Fund

The Capital Projects Fund is used to account for the resources used for the acquisition and construction of major capital facilities, except those financed by Proprietary Funds.

CITY OF DAVENPORT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2005 (CONTINUED)

(2) Proprietary Fund Types

Proprietary fund types are used to account for the City's ongoing organizations and activities, which are similar to those often found in the private sector. The measurement focus is upon determination of net income. The City applies only the applicable FASB pronouncements issued prior to November 30, 1989 in accounting and reporting its proprietary operations.

Enterprise funds are used to finance and account for the acquisition, operation, and maintenance of the City's facilities and services, which are supported primarily by user charges. The following comprise the City's major enterprise funds:

- (a) **Parking System Fund** – Accounts for revenue and expenses associated with the City's parking system, which provides both on-street and off-street parking.
- (b) **Sewer Operations Fund** – Accounts for revenue and expenses of the system responsible for collecting and treating the wastewater of the Cities of Davenport, Bettendorf, Riverdale, and Panorama Park. Davenport accumulates the costs of operations, construction, and equipment replacement, and bills the other cities monthly for their portion of such costs based on an actual usage percentage calculated annually.
- (c) **RiverCenter Fund** – Accounts for rental income and expenses associated with the operation of a 57,000 square foot conference, convention and trade show facility and the Adler Theatre.

Internal service funds are used to finance and account for, employee insurance, risk management, and information management services provided to other departments or agencies of the City, or to other governments, on a cost reimbursement basis.

(3) Fiduciary Fund Types

Fiduciary fund types are used to account for assets held by the City in a trustee capacity under a formal trust agreement or as an agent for individuals, private organizations, other governmental units and/or other funds. The following is the City's fiduciary fund type:

(a) Agency Funds

Agency funds are custodial in nature (assets equal liabilities), and do not involve the measurement of results of operations. The agency funds function primarily as a clearing mechanism for cash resources, which are collected, held as such for brief period, and then disbursed to authorized recipients.

D. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

CITY OF DAVENPORT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2005 (CONTINUED)

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded and the availability criteria. In the other, monies are virtually unrestricted as to purpose of expenditure, and are usually revocable only for failure to comply with prescribed requirements. These resources are reflected as revenues at the time of receipt, or earlier if the susceptible to accrual criteria are met.

Licenses and permits, fines and forfeits, charges for services (other than utility), and miscellaneous revenues are generally recorded as revenue when received in cash, because they are generally not measurable until actually received. In the category of use of monies and property, property rentals are recorded as revenue when received in cash, but investment earnings are recorded as earned, since they are measurable and available.

Property taxes are recognized as a receivable at the time an enforceable legal claim is established. This is determined to occur when the budget is certified. The current tax receivable represents the 2006 levy certified on March 15, 2005 based on the 2004 assessed valuations. As the levy is intended for use in the 2006 fiscal year, the revenue has been recorded as deferred revenue. Taxes are levied on July 1 and are payable in two installments on September 30 and March 31. Tax payments become delinquent on October 1 and April 1. The County Treasurer bills and collects property taxes for the City. Property taxes are considered available if received within 60 days of year-end.

The City is permitted by the Code of Iowa to levy taxes up to \$8.10 per \$1,000 of assessed valuation for General Fund purposes, \$.27 per \$1,000 of assessed valuation for an Emergency Fund to assist in the funding of General Fund activities, \$.95 per \$1,000 of assessed valuation for a mass transportation program and unlimited amounts for the payment of principal and interest on general obligation bonds, judgments awarded against the City, trust and agency accounts for pension and related employee benefits funds, and to pay the premium costs on tort liability insurance. The combined tax rate for the collection year ended June 30, 2005 was \$15.24 per \$1,000 of assessed valuation.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Operating expenses for enterprise funds and internal service funds include charges for services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

E. Encumbrances

Appropriations in the governmental funds are charged for encumbrances when commitments are made. Fund balances are reserved for outstanding encumbrances. The subsequent year's appropriation provides authority to complete these transactions as expenditures.

F. Cash and Pooled Cash Investments

Except where otherwise required, the City maintains all deposits in a bank account in the name of the City. Cash resources have been pooled in order to maximize investment opportunities. Income from investments purchased with pooled cash is allocated to individual funds based on the fund's average cash balance and legal requirements. Fund cash deficits, which represent current loans between funds, have been reported as interfund loans receivable/payable.

CITY OF DAVENPORT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2005 (CONTINUED)

G. Investments

Investments are stated at fair value or amortized cost.

H. Statement of Cash Flows

For the purpose of the statement of cash flows, the City considers all liquid investments (including restricted assets) with original maturities of three months or less to be cash equivalents.

I. Restricted Assets

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. If the use of monies received is limited by City ordinance and/or contract provisions, they are reported as restricted assets. Also, liabilities which are payable from restricted assets are reported as such. The following assets are reported as restricted at June 30, 2005: unexpended general obligation bond proceeds and other funds restricted to capital outlay of \$5,249,873 and deposits of \$584,618 in the Sewer Enterprise Fund, security deposits and unexpended general obligation bond proceeds of \$139,562 in the Public Housing Fund, other funds restricted for capital outlay of \$183,871 in the Golf Courses Enterprise Fund and loan escrow payments of \$52,897 in the Community Development Act Special Revenue Fund.

J. Capital Assets

Capital assets, including land, buildings, improvements, infrastructure, and equipment assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statement. Generally, capital assets purchased in excess of \$5,000 are capitalized if they have an expected useful life of one year or greater. Assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value on the date donated.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets are depreciated using the straight-line method of depreciation over the following estimated useful lives:

Buildings	40 years
Improvements	10-20 years
Equipment and vehicles	3-15 years
Sanitary sewers	40 years
Paving	10-30 years
Storm sewers	30 years
Traffic signals	20-40 years

The City's collection of works of art, library books and other similar assets are not capitalized. These collections are unencumbered, held for public exhibition and education, protected, cared for and preserved and subject to a City policy that requires proceeds from sale of these items to be used to acquire other collection items.

K. Deferred Revenue

Deferred revenue in the governmental funds represent amounts due, which are measurable, but not available. Deferred revenue consists of unspent grant proceeds, as well as delinquent property tax receivable and other receivables not collected within 60 days after year end.

CITY OF DAVENPORT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2005 (CONTINUED)

L. Interfund Transactions

Interfund transactions that would be treated as revenue and expenditures or expenses if they involved organizations external to the City are similarly treated when involving other funds of the City. Major transactions that fall into this category include payments to the Sewer Fund for fees and payments to the Internal Service Funds for costs of the City's insurance programs and data processing system.

Transfers from funds receiving revenue to funds through which the resources are to be expended and operating loss subsidies are classified as transfers. Major transactions that fall into this category include transfers from the Local Option Sales Tax Fund to the General Debt Service Fund and the Capital Projects Fund and a transfer from the General Fund to subsidize the operating loss of the RiverCenter Enterprise Fund.

Activity between funds that are representative of lending/borrowing arrangements at the end of the fiscal year are referred to as "interfund loans/receivables." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

M. Compensated Absences

City employees earn vacation and sick leave based upon union contracts or City policy on an annual basis and are credited with vacation and sick leave hours each payroll period. Vacation leave is fully vested when earned. In general, except for Police and Fire personnel, 75% of accumulated sick leave in excess of 720 hours earned prior to July 1, 1987 is vested using the employees' hourly rate at July 1, 1987. For Police and Fire personnel hired before July 1, 1988, 75% of accumulated sick leave earned in excess of 720 hours is vested using the employees' hourly rate at the time of termination. Employees are offered the option of accumulating overtime hours to be taken as compensatory time off rather than being paid for them on a current basis; any amounts unused at time of termination are also paid.

For proprietary fund types, these accumulations are recorded as expenses and liabilities of the appropriate fund in the fiscal year earned. For governmental fund types, a liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

N. Fund Equity

In the governmental fund financial statements, reservations of fund balance represent amounts, which are legally restricted to a specific future use or not available for appropriation. Restrictions of net assets are limited to outside third-party restrictions. Designations of fund balance represent tentative management plans that are subject to change.

O. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets invested in capital assets, net of related debt excludes unspent debt proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

P. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

CITY OF DAVENPORT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2005 (CONTINUED)

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Q. Prepays

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

2. INDIVIDUAL FUND DISCLOSURES

The RiverCenter Enterprise Fund has a \$56,229 deficit unrestricted net asset balance as of June 30, 2005. The deficit in the RiverCenter Fund is due to the depreciation of assets contributed by the City. The Risk Management internal service fund has a deficit unrestricted net asset balance of \$1,032,799.

3. DEPOSITS AND INVESTMENTS

A. Deposits

Chapter 12C of the Code of Iowa requires that all City funds be deposited into an approved depository and either insured or collateralized. At year-end, the carrying amount of the City's deposits was \$53,326,359 and the bank balances were \$54,609,052. Of the bank balances, \$500,000 was covered by federal depository insurance and \$54,109,052 was insured by the State through pooled collateral, State sinking funds, and the State's ability to assess for lost funds.

B. Investments

The City's deposits in banks at June 30, 2005 were entirely covered by federal depository insurance or by the State Sinking fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of Public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities, certificates of deposit or other evidences of deposit at federally insured Iowa institutions approved by the City Council; prime eligible bankers acceptances, certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; and state and local securities.

At June 30, 2005, the City had the following investments:

Type	Fair Value	Maturities
Federal National Mortgage Association (FNMA)	\$1,522,682	December 2005
Federal Home Loan Bank (FHLB)	7,719,463	September 2005-February 2006

In addition, the City had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$1,062,389 pursuant to Rule 2a-7 under the Investment Company Act of 1940.

CITY OF DAVENPORT**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005 (CONTINUED)**

Interest rate risk – the City's investment policy limits the investment of operating funds in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the City.

Credit risk – the City's investment in the Iowa public Agency Investment Trust is unrated.

Custodial credit risk – for an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments of collateral securities that are in the possession of an outside party. The City had no custodially-held investments during the year.

4. FUND TRANSFER RECONCILIATION

The following is a schedule of transfers in and out as included in the financial statements of the City (numbers expressed in thousands):

	Transfer in:					Total transfer
	General Fund	General Debt Service Fund	Capital Projects Fund	Non-major Governmental Funds	RiverCenter Fund	
Transfer out:						
General Fund	-	-	\$ 956	\$25	\$ 542	\$ 1,523
Local Option Sales Tax Fund	-	\$ 7,534	2,481	-	-	10,015
Non-major Governmental Funds	\$ 355	-	356	-	-	711
Parking System Fund		100		-	-	100
Non-major Enterprise Funds	-	-	-	69	-	69
Total Transfer	\$ 355	\$ 7,634	\$ 3,793	\$94	\$ 542	\$ 12,418

Transfers are used to move revenues from the fund that statute or budget requires collecting them to the fund that statute or budget requires to expend them.

CITY OF DAVENPORT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

5. Changes in Capital Assets

The following is a summary of changes in capital assets for the year ended June 30, 2005:

	BEGINNING BALANCE 06/30/04 (restated)	ADDITIONS	TRANSFERS	DELETIONS	ENDING BALANCE 06/30/05
GOVERNMENTAL ACTIVITIES					
Capital assets, not being depreciated:					
Land	\$ 15,623,289	\$ 540,844	\$ -	\$ -	\$ 16,164,133
Construction in progress	5,721,060	14,829,830	-	(14,764,954)	5,785,936
Total capital assets, not being depreciated	21,344,349	15,370,674	-	(14,764,954)	21,950,069
Capital assets being depreciated					
Buildings	55,245,205	8,722,950	-	-	63,968,155
Improvements other than buildings	8,813,970	142,255	-	-	8,956,225
Equipment and vehicles	28,417,307	1,607,814	(2,047,562)	(799,439)	27,178,120
Bridges	4,163,028	-	-	-	4,163,028
Traffic Signals	6,874,642	218,932	-	(190,000)	6,903,574
Storm Sewers	15,526,378	387,295	-	-	15,913,673
Paving	104,403,621	7,304,107	-	-	111,707,728
Total capital assets being depreciated	223,444,151	18,383,353	(2,047,562)	(989,439)	238,790,503
Less accumulated depreciation for:					
Buildings	15,346,922	1,666,410	-	-	17,013,332
Improvements other than buildings	2,819,431	527,067	-	-	3,346,498
Equipment and vehicles	20,073,848	1,942,944	(1,451,044)	(795,918)	19,769,830
Bridges	1,421,148	105,306	-	-	1,526,454
Traffic signals	3,663,365	270,643	-	(101,401)	3,832,607
Storm sewers	4,551,278	515,837	-	-	5,067,115
Paving	23,798,226	3,893,326	-	-	27,691,552
Total accumulated depreciation	71,674,218	8,921,533	(1,451,044)	(897,319)	78,247,388
Total capital assets being depreciated, net	151,769,933	9,461,820	(596,518)	(92,120)	160,543,115
Governmental activities capital assets, net	\$ 173,114,282	\$ 24,832,494	\$ (596,518)	\$ (14,857,074)	\$ 182,493,184
BUSINESS-TYPE ACTIVITIES					
Capital assets, not being depreciated:					
Land	\$ 11,008,092	\$ -	\$ -	\$ -	\$ 11,008,092
Construction in progress	10,104,112	6,540,575	-	(14,853,618)	1,791,069
Total capital assets not being depreciated	21,112,204	6,540,575	-	(14,853,618)	12,799,161
Capital assets, being depreciated:					
Buildings	86,040,647	3,297,814	-	(6,227)	89,332,234
Improvements other than buildings	7,125,513	1,645,561	-	(65,372)	8,705,702
Equipment and vehicles	20,724,468	3,646,168	2,047,562	(296,347)	26,121,851
Sanitary sewer	50,771,939	7,133,589	-	-	57,905,528
Paving	19,560	64,800	-	-	84,360
Total capital assets being depreciated	164,682,127	15,787,932	2,047,562	(367,946)	182,149,675
Less accumulated depreciation for:					
Buildings	27,685,097	2,292,389	-	(6,227)	29,971,259
Improvements other than buildings	4,129,739	357,013	-	(65,372)	4,421,380
Equipment and vehicles	11,510,687	1,625,269	1,451,044	(289,779)	14,297,221
Sanitary sewer	22,708,338	1,236,304	-	-	23,944,642
Paving	-	652	-	-	652
Total accumulated depreciations	66,033,861	5,511,627	1,451,044	(361,378)	72,635,154
Total capital assets, being depreciated, net	98,648,266	10,276,305	596,518	(6,568)	109,514,521
Business-type activities capital assets, net	\$ 119,760,470	\$ 16,816,880	\$ 596,518	\$ (14,860,186)	\$ 122,313,682

CITY OF DAVENPORT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2005 (CONTINUED)

Depreciation expense was charged to the functions of the primary government as follows

Governmental activities:	
General government	\$399,259
Community & economic development	52,778
Public works	6,101,093
Public safety	659,687
Culture & recreation	1,592,439
Internal service assets are charged to the various functions based on their usage of the assets	116,277
Total depreciation expense-governmental activities	<u>\$8,921,533</u>
Business-type activities:	
Parking systems	\$726,451
Sewer	2,893,200
RiverCenter	589,744
Public transit	395,396
Public housing	228,769
Golf courses	202,341
Airport	248,018
Solid waste	227,707
Total depreciation expense-business-type activities	<u>\$5,511,626</u>

The government has active construction projects as of June 30, 2005. The projects include street construction and improvements, sanitary sewer and water pollution control plant improvements, downtown development, branch library and police facility. At the year end the government's commitments with contractors are as follows:

<u>Projects</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Streets/Improvements	\$ 7,123,176	\$ 5,922,055
Sanitary Sewer/WPCP	3,104,856	427,446
Downtown Development	193,553	484,626
Northwest Branch Library	1,434,673	2,734,477
Police Facility	334,071	860,929
Total	<u>\$11,792,129</u>	<u>\$ 10,429,533</u>

The streets and improvements are being financed with state and federal grants along with general obligation bonds, local option sales tax, and road use tax. The sanitary sewers and water pollution control plant improvements are being funded by general obligation bonds being serviced by the Sewer Operations Fund. The northwest branch library is funded by private contributions, local option sales tax, and general obligation bonds. The police facility project is financed by general obligation bonds.

6. EMPLOYEE RETIREMENT SYSTEMS

The City participates in two statewide retirement plans. The Iowa Public Employees Retirement System (IPERS) covers all employees (excluding firefighters and sworn police officers) earning in excess of \$300 per quarter. The Municipal Fire and Police Retirement System of Iowa covers firefighters and sworn police officers.

CITY OF DAVENPORT

NOTES TO FINANCIAL STATEMENTS **JUNE 30, 2005 (CONTINUED)**

The City also makes contributions to specific employee groups' Section 457 deferred compensation plans as described in Section C following.

A. Iowa Public Employees Retirement System

The City of Davenport contributes to IPERS which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits, which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 3.7% of their annual covered salary and the City is required to contribute 5.75% of annual covered payroll. Contribution requirements are established by State statute. The City's contributions to IPERS for the years ended June 30, 2005, 2004 and 2003 were \$1,363,303, \$1,353,081 and \$1,328,368 respectively, equal to the required contributions for each year.

B. Municipal Fire and Police Retirement System of Iowa

The City of Davenport contributes to MFPRSI which is a cost-sharing multiple-employer defined benefit pension plan administered by a Board of Trustees. The plan provides retirement, disability and death benefits, which are established by State statute to plan members and beneficiaries. MFPRSI issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to MFPRSI, 2836 104th Street, Urbandale, Iowa 50322.

MFPRSI Plan members are required to contribute 9.35% of earnable compensation and the City's contribution rates for the years ended June 30, 2005, 2004 and 2003 were 24.92%, 20.48% and 17%. Contribution requirements are established by State statute. The City's contributions to the plan for the years ended June 30, 2005, 2004 and 2003 were \$3,886,380, \$3,114,083 and \$2,527,752 respectively, which met the required contributions for each year.

C. 457 Deferred Compensation Contributions

The City of Davenport contributes 2 to 4% matches to Police and Fire, Teamsters, Non-bargaining Management and department director's 457 deferred compensation plans. The City's contributions for the years ended June 30, 2005, 2004 and 2003 were \$800,355, \$789,183 and \$376,449 respectively.

7. INTERFUND RECEIVABLES AND PAYABLES

At June 30, 2005, interfund receivables and payables are summarized as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Non-major Governmental Funds	\$ 284,313
	Recycling	119,880
	Transit	152,085
General Debt Service	Local Option Sales Tax	1,188,312
Capital Projects	Sewer	28,823
	Local Option Sales Tax	229,479
	General	450,000
	Non-major Enterprise Funds	23,041
		<u>\$ 2,475,933</u>

CITY OF DAVENPORT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2005 (CONTINUED)

Interfund balances resulted from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

8. JOINT VENTURE

The City of Davenport, Iowa and the Board of Trustees of the Rock Island County Metropolitan Mass Transit District (MetroLink), Illinois entered into an agreement in July 1979, which was amended in June 1982, which designates the Quad-City Garage Policy Group (QCGPG) to oversee and operate a joint maintenance and storage facility for transit vehicles and related equipment owned and/or operated by the two parties. Davenport's authority to enter this agreement arises from powers granted by Chapter 28E of the Code of Iowa.

The City of Davenport and MetroLink have jointly constructed a maintenance facility. The City contributed \$542,196 and the MetroLink contributed \$362,523. The remainder of the funding was provided by grants from the Federal Transit Administration and the State of Illinois in the amount of \$5,495,205. The maintenance facility is recorded as an asset of MetroLink, and not by the QCGPG.

The QCGPG consists of six (6) members, three (3) each representing the City of Davenport and MetroLink. Two members and an alternate are appointed by the Mayor of Davenport, subject to the approval of the Davenport City Council. Two members and alternate are appointed by the Chairman of the MetroLink Board of Trustees, subject to the approval of the Board of Trustees of the MetroLink. Officers are chosen from the above six (6) members, and there are two voting members each representing the City of Davenport and MetroLink. The facility supervisor, appointed by the parties, prepares an annual budget, which is presented to the parties, or to the QCGPG for their approval. Expenses incurred by the QCGPG are allocated either (a) on the basis of ownership of the facility, or (b) on the basis of the number of buses that the respective parties have in service.

A summary of the latest available financial information for the QCGPG as of June 30, 2005, and for the year then ended is as follows:

Total assets	<u>\$634,397</u>
Total liabilities	<u>\$255,869</u>
Total equity	<u>\$378,528</u>
Total revenue	\$3,567,920
Total expenses	<u>3,424,878</u>
Net change in fund equity	<u>\$143,042</u>

The City uses the equity method of accounting for this investment. At June 30, 2005, this amounted to \$618,664, which includes the City's share of both the maintenance facility and the fund equity of the QCGPG.

Additional information concerning the QCGPG is available in its separately issued annual report, which may be obtained from the entity's administrative office 2929 5th Avenue, Rock Island, IL 61201.

CITY OF DAVENPORT**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005 (CONTINUED)****9. LONG-TERM DEBT**

The following is a summary of changes in long-term debt, net of the deferred portion of issuance costs, for the year ended June 30, 2005 (numbers shown in thousands):

Governmental Activities:	Balance July 1, 2004	Additions	Retirements	Balance June 30, 2005	Due Within One Year
Bonds Payable:					
General Obligation Bonds	\$ 93,849	\$ 10,355	\$ (10,463)	\$ 93,741	\$ 10,334
Special Assessment Debt	882	27	(72)	837	-
Less deferred costs:					
issuance-discounts	(315)	(18)	36	(297)	-
Refundings	(593)	-	97	(496)	-
Total Bonds Payable	93,823	10,364	(10,402)	93,785	10,334
Compensated Absences	5,817	3,914	(4,068)	5,663	4,996
Loans Payable	346	-	(187)	159	159
Loans Payable-Other Govts	61	-	(14)	47	13
Note Payable	620	-	(103)	517	113
	\$ 100,667	\$ 14,278	\$ (14,774)	\$ 100,171	\$ 15,615
Business-type Activities:					
Bonds Payable:					
General Obligation Bonds	\$ 25,110	\$ 1,335	\$ (2,259)	\$ 24,186	\$ 2,331
Less deferred costs:					
issuance-discounts	(350)	(22)	53	(319)	-
Total Bonds Payable	24,760	1,313	(2,206)	23,867	2,331
Compensated Absences	497	836	(776)	557	511
	\$ 25,257	\$ 2,149	\$ (2,982)	\$ 24,424	\$ 2,842

The City is obligated for the Special Assessment Debt with governmental commitment debt service payments.

Internal service funds predominantly serve governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end \$79,166 of internal service funds compensated absences are included in the above amounts. Also, for the governmental activities, compensated absences are generally liquidated by the fund incurring the expense.

CITY OF DAVENPORT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005 (CONTINUED)**

General obligation bonds payable (balance outstanding in thousands of dollars) at June 30, 2005, is comprised of the following individual issues:

A.	Matured bonds not presented for payment.	\$ 30
B.	\$7,745,000 1996 Refunding of 1988 Parks, Streets, Sewers and Public Improvements; advance refunding of 1989 Streets, Sewers, Parks and Public Buildings; and advance refunding of 1990 Economic Development serial bonds due in annual installments of \$50,000 to \$1,095,000 through June 1, 2010; interest at 4.2 to 5.4 percent (\$890,000, \$2,190,000, and \$205,000 in principal and interest thereon are being serviced by the Tax Increment Financing Districts Debt Service Fund, the Sewer Enterprise Fund, and the Golf Courses Enterprise Fund, respectively).	200
C.	\$7,325,000 1997 Streets, Sewers, Buildings and Parks serial bonds due in annual installments of \$120,000 to \$545,000 through June 1, 2017; interest at 4.8 to 4.9 percent (\$1,775,000 and \$240,000 in principal and interest thereon are being serviced by the Tax Increment Financing Districts Debt Service Fund and the Sewer Enterprise Fund, respectively).	3,990
D.	\$2,155,000 1997 Economic Development serial bonds due in annual installments of \$10,000 to \$155,000 through June 1, 2017; interest at 6.8 to 7.2 percent (\$2,155,000 in principal and interest thereon are being serviced by the Tax Increment Financing Districts Debt Service Fund and the Sewer Enterprise Fund, respectively).	1,435
E.	\$14,590,000 1998 advance refunding of 1991 Streets, Sewers, Buildings and Equipment; advance refunding of 1992 Parking Ramp, Streets, Sewers and Equipment due in annual installments of \$120,000 to \$1,810,000 through June 1, 2012; interest at 4.4 to 5.0 percent (\$1,045,000 and \$2,870,000 in principal and interest thereon are being serviced by the Tax Increment Financing Districts Debt Service Fund and Sewer Enterprise fund, respectively).	6,650
F.	\$5,250,000 1998 advance refunding of 1988 Urban Renewal, Airport and Stadium; advance refunding of 1989 Stadium and Urban Renewal; advance refunding of 1990 Economic Development due in annual installments of \$185,000 to \$800,000 through June 1, 2010; interest at 6.1 to 6.2 percent (\$3,950,000 in principal and interest thereon are being serviced by the Tax Increment Financing Districts Debt Service Fund).	1,090
G.	\$6,795,000 1998 Streets, Sewers, Buildings, Parks and Equipment serial bonds due in annual installments of \$370,000 to \$525,000 through June 1, 2013; interest at 4.4 to 4.9 percent (\$340,000 and \$570,000 in principal and interest thereon are being serviced by the Tax Increment Financing Districts Debt Service Fund and Sewer Enterprise Fund, respectively).	3,650
H.	\$7,485,000 1999 Streets, Sewers, Buildings, Housing and Equipment serial bonds due in annual installments of \$390,000 to \$620,000 through June 1, 2014; interest at 4.5 to 4.9 percent (\$380,000, \$1,645,000 and \$1,120,000 in principal and interest thereon are being serviced by the Tax Increment Financing Districts Debt Service Fund, Sewer Enterprise Fund and Public Housing Enterprise Fund, respectively).	4,195
I.	\$8,620,000 2000 Streets, Sewers, Buildings, Equipment and Economic Development serial bonds due in annual installments of \$475,000 to \$1,850,000 through June 1, 2015; interest at 4.4 to 5.1 percent (\$425,000 and \$1,850,000 in principal and interest thereon are being serviced by the Tax Increment Financing Districts Debt Service Fund and Sewer Enterprise Fund, respectively).	5,675

CITY OF DAVENPORT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005 (CONTINUED)**

J.	\$1,100,000 2000 Economic Development serial bonds due in annual installments of \$105,000 to \$175,000 through June 1, 2010; interest at 6.9 to 7.0 percent (\$1,110,000 of principal and interest thereon are being serviced by the Tax Increment Financing Districts Debt Service Fund).	755
K.	\$11,720,000 2001 Refunding of 1993 Economic Development, Sewers, Buildings, Equipment and Public Improvements serial bonds due in annual installments of \$1,595,000 to \$1,730,000 through June 1, 2008; interest at 4.0 to 4.5 percent (\$1,290,000 and 2,700,000 of principal and interest thereon are being serviced by the Tax Increment Financing Districts Debt Service Fund and Sewer Enterprise Fund, respectively).	5,135
L.	\$19,540,000 2001 Streets, Signals, Parks, Equipment, Golf and Parking serial bonds due in annual installments of \$645,000 to \$1,375,000 through June 1, 2021; interest at 3.0 to 5.0 percent (\$615,000, \$971,737, \$3,391,013 and \$4,957,250 in principal and interest thereon are being serviced by the Golf Courses Enterprise Fund, Municipal Districts Special Revenue Fund, Tax Increment Financing Districts Debt Service Fund and Parking Enterprise Fund, respectively).	16,175
M.	\$5,195,000 2001 Parking serial bonds due in annual installments of \$45,000 to \$470,000 through June 1, 2021; interest at 6.3 to 6.7 percent (\$5,195,000 in principal and interest hereon is being serviced by the Parking Enterprise Fund).	4,950
N.	\$4,415,000 2001 Refunding of 1994A Economic Development, Sewers, Equipment and Public Improvements serial bonds due in annual installments of \$565,000 to \$705,000 through June 1, 2009; interest at 3.5 to 4.2 percent (\$1,285,000 and \$830,000 in principal and interest thereon are being serviced by the Sewer Enterprise Fund and the Municipal Improvement Districts Special Revenue Funds, respectively).	2,660
O.	\$2,755,000 2001 Refunding of 1994B Economic Development serial bonds due in annual installments of \$10,000 to \$365,000 through June 1, 2014; interest at 4.0 to 6.0 percent (\$2,179,940 and \$170,018 in principal and interest thereon are being serviced by the Tax Increment Financing District Debt Service Fund and the Levee Improvement Commission Special Revenue Fund, respectively).	1,705
P.	\$15,490,000 2002 Streets, Buildings, Parks, Equipment and Sewers serial bonds due in annual installments of \$830,000 to \$1,260,000 through June 1, 2017; interest at 3.0 to 4.4 percent (\$5,350,000 in principal and interest thereon is being serviced by the Sewer Enterprise Fund).	12,065
Q.	12,160,000 2003 Stadium serial bonds due in annual installments of \$390,000 to \$1,140,000 through June 1, 2018; interest at 2.0 to 5.2 percent.	10,195
R.	\$9,390,000 2003 Streets, Sewers, Golf, and Equipment serial bonds due in annual installments of \$235,000 to \$1,315,000 through June 1, 2018 at 2.5 to 4.1 percent (\$735,000 and \$330,000 in principal and interest thereon are being serviced by the Sewer Enterprise Fund and the Golf Courses Enterprise Fund, respectively).	8,535
S.	\$2,325,000 2003 advance refunding of 1995 Streets, Sewers, Buildings and Equipment serial bonds due in annual installments of \$10,000 to \$410,000 through June 1, 2010 at 2.0 to 3.0 percent (\$534,750 in principal and interest thereon is being serviced by the Sewer Enterprise Fund).	1,950
T.	\$9,685,000 2003 advance refunding of 1996 Building, Streets, Sewers and Equipment serial bonds due in annual installments of \$40,000 to \$1,015,000 through June 1, 2016 at 2.0 to 4.0 percent (\$130,000 and \$138,250 in principal and interest thereon are being serviced by the Tax Increment Financing District Debt Service Fund and the Sewer Enterprise Fund, respectively).	9,520

CITY OF DAVENPORT

NOTES TO FINANCIAL STATEMENTS **JUNE 30, 2005 (CONTINUED)**

U.	\$3,150,000 2004 Economic Development serial bonds due in annual installments of \$130,000 to \$265,000 through June 1, 2023 at 4.5 to 5.1 percent (\$3,150,000 in principal and interest thereon are being serviced by the Tax Increment Financing District Debt Service Fund).	3,150
V.	\$4,535,000 2004 Streets, Sewers and River Renaissance serial bonds due in annual installments of \$195,000 to \$400,000 through June 1, 2019 at 2.0 to 4.0 percent (\$695,000 in principal and interest thereon are being serviced by the Sewer Enterprise Fund).	4,245
W.	\$11,690,000 2004 Streets, Buildings, Sewers, Airport and Equipment serial bonds due in annual installments of \$680,000 to \$900,000 through June 1, 2019 at 3.2 to 4.25 percent (\$1,130,000, \$255,000 and \$205,000 in principal and interest thereon are being serviced by the Sewer Enterprise Fund, Tax Increment Financing District Debt Service Fund and the Airport Enterprise Fund, respectively.)	10,810
Total general obligation bonds		
	General obligation bonds serviced by Enterprise Funds	118,765
	Matured bonds	(24,186)
	General obligation bonds reported in Governmental Activities	(30)
		<u>\$ 94,549</u>

On August 1, 1990, pursuant to Section 384.14A of the Code of Iowa, the City issued a non-interest bearing general obligation tax increment note in the amount of \$2,880,000 to Nichols-Homeshield, Inc. in support of an economic development grant. Terms of the note call for repayment at the rate of \$160,000 on September 1 in each of the years 1991-2008, inclusive. As provided in the note agreement, Nichols-Homeshield, Inc. requested immediate payment of the first four installments. The remaining fourteen payments totaling \$2,240,000 have been discounted at a rate of 9.15%, the rate paid by the City for similar obligations on the date of issuance. At June 30, 2005, the discount amounted to \$123,347, resulting in a discounted amount owing of \$516,653.

The City entered into an agreement with Lee Enterprises, Inc. (Lee) whereby any shortfall between debt service payments related to Tax Increment Financing (TIF) debt issued for the purpose of acquiring, improving and conveying certain property, will be paid by Lee. The payments would be an interest-free loan to the City, and would be reimbursed to Lee as soon as tax incremental revenue exceeds the debt service payments. The total amount advanced by Lee to the City under this agreement totaled \$629,342. At June 30, 2005, the balance owed under this agreement amounted to \$159,149.

The Iowa Finance Authority (IFA) has granted the City an interest-free loan in the amount of \$200,000 for the purpose of making housing rehabilitation loans to individuals. The IFA loan is being repaid over a fifteen-year period ending in 2008, utilizing repayments generated by the individual loans. At June 30, 2005, the balance owed under this note amounted to \$46,667.

The City of Davenport's Capital Improvement Program has been funded in part from general obligation bonds which are intended to be abated by user fees, special assessment collections, municipal improvement district taxes, and levee rents. The debt to be abated by user fees is accounted for in the Enterprise Funds in the amount of \$24,186,100. Debt abated by special assessment collections is accounted for in the governmental activities as Special Assessment Debt with Governmental Commitment in the amount of \$837,000. The debt to be abated by municipal improvement district taxes and levee rents is accounted for in the governmental activities in the amounts of \$1,382,900 and \$110,000 respectively. These abated bonds, including interest thereon, are included in the above schedule and represent a contingent liability against the City's full faith and credit. The general credit of the City is obligated only to the extent that user fees, special assessment collections or liens foreclosed against properties involved in the special assessment projects, municipal improvement district taxes, and levee rents are insufficient to retire outstanding bonds.

CITY OF DAVENPORT**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005 (CONTINUED)**

In order to limit the liability of taxpayers, the State Constitution of Iowa imposes a limit on the amount of debt local governments may incur. Davenport's debt limitation is five (5) percent of its gross assessed valuation. This limitation applies to general obligation indebtedness and Tax Increment Financing agreements entered in to rebate taxes paid over time. At June 30, 2005, the statutory limit for the City was \$232,991,693, providing a debt margin of \$104,609,896.

Since 1976, the City has authorized the issuance of \$269,190,000 of industrial development revenue bonds under the provision of Chapter 419 of the Code of Iowa. There have not been any industrial development revenue bonds since 1993. The bonds and related interest are the sole responsibility of the issuers, and the bond principal and interest do not constitute liabilities of the City.

The annual requirements including interest (in thousands of dollars), to service long-term debt are as follows:

Year Ending June 30	Governmental Activities				Business-type Activities	
	General Obligation Bonds		Other Long Term Debt		General Obligation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2006	\$ 10,304	\$ 4,142	\$ 285	\$ 47	\$ 2,331	\$ 969
2007	10,112	3,716	136	37	2,073	921
2008	9,617	3,355	148	26	2,078	810
2009	8,456	2,931	153	13	1,569	761
2010	8,003	2,577	-	-	1,437	704
2011-2015	33,034	7,872	-	-	7,491	2,713
2016-2020	14,144	1,594	-	-	6,076	1,218
2021-2023	879	84	-	-	1,131	64
Totals	94,549	26,271	722	123	24,186	8,160
Matured	30	4	-	-	-	-
Interest portion	-	(26,275)	-	(123)	-	(8,160)
	<u>\$ 94,579</u>	<u>\$ -</u>	<u>\$ 722</u>	<u>\$ -</u>	<u>\$ 24,186</u>	<u>\$ -</u>

10. RISK MANAGEMENT

The City is self-insured for the following types of risk exposures:

Health Benefits – The City has established an Employee Insurance Fund for insurance benefits provided to City employees and covered dependents, which is included in the Internal Service Fund type. Health benefits were self-insured up to a specific annual stop loss amount of \$150,000, and an aggregate annual stop loss amount of approximately \$8,500,000 for 2005. Coverage from a private insurance company is maintained for losses in excess of the aggregate stop loss amount. All claims handling procedures are performed by an independent claims administrator. Incurred but not reported claims have been accrued as a liability based upon the claims lag report provided by the third party administrator. No settlements exceeded insurance coverage for the past three fiscal years. There were no significant reductions in insurance coverage during the past year.

General and Auto Liability, Property, and Workers' Compensation – The City has established a Risk Management Fund for self-insurance related to general and automobile liability, property, and workers' compensation claims which is included in the Internal Service Fund type. Self-insurance was in effect up to individual stop loss amounts per occurrence of \$500,000 for general and auto liability, \$100,000 for property and \$350,000 for workers' compensation for 2005. Coverage from private insurers is maintained for losses in excess of the individual stop loss amounts. All claims handling procedures are performed by the risk management division of the finance department. Incurred but not reported claims have been accrued as a liability based upon an independent actuarial study. No settlements exceeded insurance coverage for the past three fiscal years. There were no significant reductions in insurance coverage during the past year.

CITY OF DAVENPORT**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005 (CONTINUED)**

Changes in reported liabilities for the fiscal years ended June 30, 2004 and 2005 are summarized as follows:

	Employee Insurance Fund	Risk Management Fund	Total
Liabilities at July 1, 2003	\$ 929,024	\$ 2,978,739	\$ 3,907,763
Claims and changes in estimates during fiscal year 2004	7,913,747	1,846,666	9,760,413
Claim payments	(7,794,104)	(1,802,375)	(9,596,479)
Liabilities at June 30, 2004	1,048,667	3,023,030	4,071,697
Claims and changes in estimates during fiscal year 2005	9,698,711	2,661,050	12,359,761
Claim payments	(9,884,393)	(1,875,275)	(11,759,668)
Liabilities at June 30, 2005	<u>\$862,985</u>	<u>\$ 3,808,805</u>	<u>\$ 4,671,790</u>

11. CONTINGENCIES**A. Litigation**

The City records liabilities resulting from claims and legal actions only when they become fixed or determinable in amount. There are several lawsuits pending against the City for various reasons. Liability insurance covers many of the lawsuits for personal injury, property damage and civil rights violations presently pending against the City. Although the outcome of these lawsuits is not presently determinable, it is the opinion of management and counsel that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the City's financial position.

B. Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government.

Certain grant audits are currently in progress. Any disallowed claims, including amount already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although City management and counsel expect such amounts, if any, to be immaterial.

12. RESTATEMENT

The City restated beginning net assets due to a prior period adjustment to reflect the corrected amount of capitalized assets and depreciation:

Balance June 30, 2004	Restatement	Balance June 30, 2004
\$123,123,957	\$1,348,324	\$124,472,281

CITY OF DAVENPORT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2005 (CONTINUED)

13. RECENTLY ISSUED PRONOUNCEMENTS

The Governmental Accounting Standard Board (GASB) has issued four statements not yet implemented by the City of Davenport. The statements, which might impact the City of Davenport, are as follows:

Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries* issued November 2003, will be effective for the City for the fiscal year ending June 30, 2006. This statement establishes accounting and financial reporting standards for impairment of capital assets and also clarifies and establishes accounting requirements for insurance recoveries.

Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* issued April 2004, will be effective for the City for the fiscal year ending June 30, 2008. This statement establishes uniform financial reporting standards for other postemployment benefit (OPEB) plans and supersedes the interim guidance included in statement No. 26. This statement affects reporting by administrators or trustees of OPEB plan assets or by employers or sponsors that include OPEB plan assets as trust or agency funds in their financial reports.

Statement No. 44, *Economic Condition Reporting: The Statistical Section* issued May 2004, will be effective for the City for the fiscal year ending June 30, 2006. This statement amends previous guidance regarding preparation of the statistical section for governments that issue a comprehensive annual financial report.

Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* issued June 2004, will be effective for the City for the fiscal year ending June 30, 2009. This statement establishes standards for the measurement, recognition, and display of (OPEB) expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information (RSI) in the financial reports of state and local governmental employees.

Statement No. 46, *Net Assets Restricted by Enabling Legislation* issued December 2004, will be effective for the City for the fiscal year ended June 30, 2006. This statement clarifies the definition of a legally enforceable enabling legislation restriction. It also specifies the accounting and financial reporting requirements for the restrictions and for any changes in them.

Statement No. 47, *Accounting or Termination Benefits* issued June 2005, establishes accounting standards for termination benefits. For termination benefits provided through an existing defined benefit OPEB plan, the provisions of this Statement should be implemented simultaneously with the requirements of Statement 45. For all other termination benefits, this Statement is effective for the fiscal year ended June 30, 2006.

The City's management has not yet determined the effect these statements will have on the City's financial statements.

14. SUBSEQUENT EVENTS

On December 7, 2005 the City issued \$36,115,000 of General Obligation Bonds to finance a new police station, improvements to streets, buildings, sanitary sewers and the acquisition and installation of equipment. The bonds bear interest rates ranging from 4.0% to 4.5% and mature in varying amounts from \$1,160,000 to \$2,490,000 with the final payment date due in fiscal year ending June 1, 2025. Funding sources to retire this issue will be Sewer Enterprise Fund revenue, \$455,000 and general property taxes \$35,660,000.

CITY OF DAVENPORT**GOVERNMENTAL AND PROPRIETARY FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-
BUDGET AND ACTUAL (BUDGETARY BASIS)****Required Supplementary Information****For the Fiscal Year Ended June 30, 2005**

	GOVERNMENTAL FUNDS ACTUAL	PROPRIETARY FUNDS ACTUAL	TOTAL ACTUAL
REVENUES:			
Taxes	\$ 63,519,997	\$ 2,769,893	\$ 66,289,890
Special assessments	55,964	-	55,964
Licenses and permits	1,600,302	-	1,600,302
Intergovernmental	21,801,090	1,363,461	23,164,551
Charges for services	3,334,847	36,439,086	39,773,933
Use of monies and property	1,943,966	634,805	2,578,771
Fines and forfeits	604,751	115,436	720,187
Loan repayments	978,166	-	978,166
Other	3,052,499	59,916	3,112,415
Total Revenues	<u>96,891,582</u>	<u>41,382,597</u>	<u>138,274,179</u>
EXPENDITURES:			
Current:			
Public safety	31,539,164	-	31,539,164
Public works	11,829,081	-	11,829,081
Culture and recreation	7,878,176	-	7,878,176
Community and economic development	10,937,442	-	10,937,442
General government	6,878,912	-	6,878,912
Capital outlay	26,981,978	-	26,981,978
Debt service:			
Principal retirement	10,809,309	-	10,809,309
Interest	4,549,030	-	4,549,030
Bond issuance costs	35,791	-	35,791
Business type activities	-	41,113,300	41,113,300
Total Expenditures	<u>111,438,883</u>	<u>41,113,300</u>	<u>152,552,183</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(14,547,301)</u>	<u>269,297</u>	<u>(14,278,004)</u>
OTHER FINANCING SOURCES, NET	<u>10,059,200</u>	<u>373,585</u>	<u>10,432,785</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>(4,488,101)</u>	<u>642,882</u>	<u>(3,845,219)</u>
BALANCES BEGINNING OF YEAR	<u>48,994,663</u>	<u>22,216,169</u>	<u>71,210,832</u>
BALANCES END OF YEAR	<u>\$ 44,506,562</u>	<u>\$ 22,859,051</u>	<u>\$ 67,365,613</u>

BUDGETED AMOUNTS		FINAL TO ACTUAL VARIANCE
ORIGINAL	FINAL	
\$ 67,359,600	\$ 66,968,078	\$ (678,188)
175,000	175,000	(119,036)
1,430,155	1,430,155	170,147
20,445,900	39,836,059	(16,671,508)
40,608,113	41,411,478	(1,637,545)
2,213,740	2,213,740	365,031
701,245	701,245	18,942
-	-	978,166
5,139,435	8,933,919	(5,821,504)
<u>138,073,188</u>	<u>161,669,674</u>	<u>(23,395,495)</u>
30,926,609	32,455,430	916,266
15,735,872	14,467,531	2,638,450
7,770,549	9,370,509	1,492,333
8,442,364	14,148,404	3,210,962
8,297,251	7,287,813	408,901
31,779,000	62,956,561	35,974,583
15,281,242	10,809,310	1
-	4,549,030	-
-	35,791	-
40,770,325	45,233,532	4,120,232
<u>159,003,212</u>	<u>201,313,911</u>	<u>48,761,728</u>
<u>(20,930,024)</u>	<u>(39,644,237)</u>	<u>25,366,233</u>
<u>20,560,000</u>	<u>13,101,000</u>	<u>(2,668,215)</u>
(370,024)	(26,543,237)	22,698,018
<u>71,210,832</u>	<u>71,210,832</u>	-
<u>\$ 70,840,808</u>	<u>\$ 44,667,595</u>	<u>\$ 22,698,018</u>

CITY OF DAVENPORT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION-BUDGETARY REPORTING JUNE 30, 2005

In accordance with the Code of Iowa, the City Council annually adopts a budget following required public notice and hearing for all funds. The City's governmental fund types are budgeted on a modified accrual basis of accounting in conformance with the accounting principles generally accepted in the United States of America (GAAP). Proprietary fund types are budgeted on full accrual basis, except bond proceeds, which are budgeted on a modified accrual basis, and depreciation, incurred but not reported insurance claims, loss on disposal, joint venture adjustment and capital contributions which are not budgeted. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures. Budget amendments are reflected in the final budgeted amounts.

Formal and legal budgetary control is based upon 8 major classes of expenditures known as functions, not by fund or fund type. These 8 functions are: public safety, public works, culture and recreation, community and economic development, general government, debt service, capital projects, and business type activities. Function expenditures required to be budgeted include expenditures for General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Fund, Internal Service and Enterprise Funds. Although the budget document presents function expenditures by fund, the legal level of control is at the aggregated function level, not by fund. During the year, two budget amendments increased budgeted expenditures by \$42,310,699. These budget amendments are reflected in the final budgeted amounts.

	Proprietary Funds		
	Budgetary Basis	Adjustments	Adjusted Basis
Revenues	\$ 43,383,840	\$ 1,335,000	\$ 44,718,840
Expenses	<u>45,233,532</u>	<u>11,339,452</u>	<u>56,572,984</u>
Net	(1,849,692)	(10,004,452)	(11,854,144)
Other financing sources, net	(2,249,740)	4,443,564	2,193,824
Beginning net assets	<u>22,216,168</u>	<u>-</u>	<u>22,216,168</u>
Ending net assets	<u>\$ 18,116,736</u>	<u>\$ (5,560,888)</u>	<u>\$ 12,555,848</u>

COMBINING STATEMENTS, AND SCHEDULES

Non-Major Governmental Funds

Road Use Tax Fund – Accounts for the revenue received from the State of Iowa Road Use Tax Fund, which is collected from motor vehicle registration, fuel tax and use tax, and related expenditures, which must relate to the construction, maintenance and supervision of public streets.

Community Development Act Fund – Accounts for expenditures relating to neighborhood improvements benefiting low and moderate income persons and economic development activities, which are reimbursed by the Federal Government under the Community Development Block Grant Program.

HUD Section 8 Fund – Accounts for expenditures to landlords under a federally funded rent subsidy program.

Levee Improvement Commission Fund – Accounts for the expenditure of rents received for the use of the Mississippi Riverfront property.

Municipal Improvement Districts Fund – Accounts for revenue generated by Self-supported Municipal Improvement Districts.

Revolving Loans Fund – Accounts for various Community and Economic Development revolving loans.

Home Investment Partnership Fund – Accounts for expenditures related to the rehabilitation or new construction of rental units, and the rehabilitation of first time homebuyer owner/occupied residential units.

Law Enforcement Block Grant Fund – Accounts for the expenditure of a U.S. Department of Justice grant awarded for the purpose of reducing crime and improving public safety.

HUD Grants – Accounts for the expenditures of U.S. Department of Housing and Urban Development cooperative agreement awarded for the purpose of educating and promoting fair housing practices, expenditures of support funding for nonprofit providers of services to the homeless, and expenditures of Economic Development Initiatives-Special Projects Grant.

Environmental Protection Agency – Accounts for the expenditures of an Environmental Protection Agency grant for Brownfields.

Tax Increment Financing (TIF) Districts Debt Service Fund – Accounts for the accumulation of resources for and the payment of principal and interest on general obligation debt representing the financing source for the City's various tax increment financing districts. Property tax revenue generated on increased assessed valuation within the TIF Districts are the resources accounted for in this fund.

CITY OF DAVENPORT**NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2005**

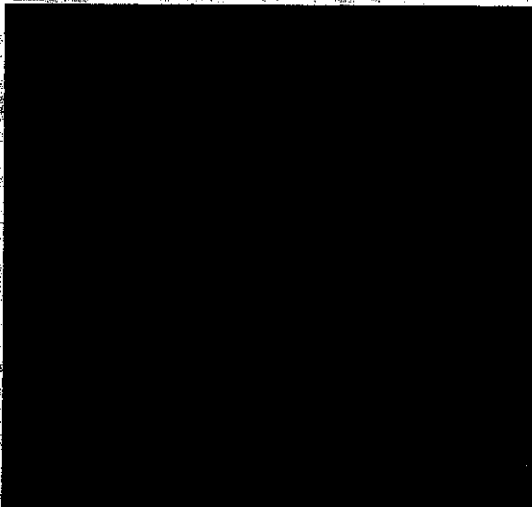
ASSETS	ROAD USE TAX	COMMUNITY DEVELOPMENT ACT	HUD SECTION 8	LEVEE IMPROVEMENT COMMISSION	MUNICIPAL IMPROVEMENT DISTRICTS
Cash and investments	\$ 5,534,817	\$ 69,148	\$ -	\$ 457,310	\$ 455,827
Receivables:					
Property taxes:					
Delinquent	-	-	-	-	25,056
Succeeding year	-	-	-	-	704,076
Accounts	18,749	-	1,990	35,323	-
Loans	-	1,263,955	-	1,700	-
Interest	-	2,733	-	2,400	4,672
Due from other governments	648,426	255,842	79,668	-	-
Prepays	-	-	-	-	-
Restricted assets-cash and investments	-	52,897	-	-	-
TOTAL ASSETS	\$ 6,201,992	\$ 1,644,575	\$ 81,658	\$ 496,733	\$ 1,189,631
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Wages payable	\$ 134,576	\$ 16,858	\$ 8,427	\$ 2,760	\$ -
Accounts payable	255,091	107,165	164	3,116	7,457
Payable from restricted assets	-	52,897	-	-	-
Interfund loans payable	-	-	73,067	-	-
Due to other governments	-	10,198	-	-	-
Deferred revenue:					
Succeeding year property tax	-	-	-	-	704,076
Other	-	1,263,955	-	17,432	8,014
Total Liabilities	389,667	1,451,073	81,658	23,308	719,547
FUND BALANCES:					
Reserved for encumbrances	1,013,029	45	-	934	-
Reserved for future projects	-	-	-	-	470,084
Reserved for loan applicants	-	193,502	-	-	-
Reserved for prepaid	-	-	-	-	-
Reserved for debt retirement	-	-	-	-	-
Unreserved:					
Designated for specific projects:					
Special revenue	338,380	-	-	77,747	-
Undesignated:					
Special revenue	4,460,916	(45)	-	394,744	-
Total Fund Balances	5,812,325	193,502	-	473,425	470,084
TOTAL LIABILITIES AND FUND BALANCES	\$ 6,201,992	\$ 1,644,575	\$ 81,658	\$ 496,733	\$ 1,189,631

REVOLVING LOANS	HOME INVESTMENT PARTNERSHIP	LAW ENFORCEMENT BLOCK GRANT	HUD GRANTS	ENVIRONMENTAL PROTECTION AGENCY GRANT	TAX INCREMENT FINANCING DISTRICTS DEBT SERVICE	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
\$ 1,096,138	\$ -	\$ 247,741	\$ 85,902	\$ -	\$ 1,164,054	\$ 9,110,937
-	-	-	-	-	76,243	101,299
-	-	-	-	-	2,941,487	3,645,563
1,156,792	4,978,161	-	-	-	-	56,062
7,189	-	1,816	592	-	-	7,400,608
-	12,678	-	252,938	29,444	5,187	24,589
-	-	-	584	-	-	1,278,996
-	-	-	-	-	-	584
<u>\$ 2,260,119</u>	<u>\$ 4,990,839</u>	<u>\$ 249,557</u>	<u>\$ 340,016</u>	<u>\$ 29,444</u>	<u>\$ 4,186,971</u>	<u>\$ 21,671,535</u>
\$ -	\$ 2,170	\$ -	\$ 2,285	\$ -	\$ -	\$ 167,076
-	200	3,709	71,005	12,177	-	460,084
-	10,308	-	183,671	17,267	-	52,897
-	-	-	-	-	-	284,313
-	-	-	-	-	-	10,198
1,156,792	4,978,161	-	-	-	2,941,487	3,645,563
<u>1,156,792</u>	<u>4,990,839</u>	<u>3,709</u>	<u>256,961</u>	<u>29,444</u>	<u>33,106</u>	<u>7,457,460</u>
-	-	-	-	-	2,974,593	12,077,591
-	-	46,042	-	-	-	1,060,050
1,103,327	-	-	-	-	-	470,084
-	-	-	584	-	-	1,296,829
-	-	-	-	-	1,212,378	584
-	-	-	-	-	-	1,212,378
-	-	-	-	-	-	416,127
-	-	199,806	82,471	-	-	5,137,892
<u>1,103,327</u>	<u>-</u>	<u>245,848</u>	<u>83,055</u>	<u>-</u>	<u>1,212,378</u>	<u>9,593,944</u>
<u>\$ 2,260,119</u>	<u>\$ 4,990,839</u>	<u>\$ 249,557</u>	<u>\$ 340,016</u>	<u>\$ 29,444</u>	<u>\$ 4,186,971</u>	<u>\$ 21,671,535</u>

CITY OF DAVENPORT**NON-MAJOR GOVERNMENTAL FUNDS****COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2005**

	ROAD USE TAX	COMMUNITY DEVELOPMENT ACT	HUD SECTION 8	LEVEE IMPROVEMENT COMMISSION	MUNICIPAL IMPROVEMENT DISTRICTS
REVENUES:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 1,039,021
Licenses and permits	29,469	-	-	-	-
Intergovernmental	8,186,548	1,871,736	2,655,712	-	-
Use of monies and property	294	79,243	(102)	225,098	17,433
Fines and forfeits	-	-	-	-	-
Loan repayments	-	582,879	-	-	-
Other	6,475	30	4,415	28,610	-
Total Revenues	<u>8,222,786</u>	<u>2,533,888</u>	<u>2,660,025</u>	<u>253,708</u>	<u>1,056,454</u>
EXPENDITURES:					
Current:					
Public safety	-	-	-	-	-
Public works	7,300,365	-	-	-	-
Culture and recreation	-	-	-	41,061	-
Community and economic development	-	2,836,885	2,728,504	73,512	1,067,196
General government	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	20,002	148,316
Interest	-	-	-	6,926	74,484
Bond issuance costs	-	-	-	-	-
Total Expenditures	<u>7,300,365</u>	<u>2,836,885</u>	<u>2,728,504</u>	<u>141,501</u>	<u>1,289,996</u>
EXCESS (DEFICIENCY) OF REVENUES OVER(UNDER) EXPENDITURES	<u>922,421</u>	<u>(302,997)</u>	<u>(68,479)</u>	<u>112,207</u>	<u>(233,542)</u>
OTHER FINANCING SOURCES (USES):					
Bond issuance	-	-	-	-	-
Sale of capital assets	700	-	-	-	-
Transfers in	-	-	68,479	-	-
Transfers out	(687,035)	-	-	-	-
Total Other Financing Sources (Uses)	<u>(686,335)</u>	<u>-</u>	<u>68,479</u>	<u>-</u>	<u>-</u>
EXCESS(DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER(UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>236,086</u>	<u>(302,997)</u>	<u>-</u>	<u>112,207</u>	<u>(233,542)</u>
FUND BALANCES - BEGINNING	<u>5,576,239</u>	<u>496,499</u>	<u>-</u>	<u>361,218</u>	<u>703,626</u>
FUND BALANCES - ENDING	<u>\$ 5,812,325</u>	<u>\$ 193,502</u>	<u>\$ -</u>	<u>\$ 473,425</u>	<u>\$ 470,084</u>

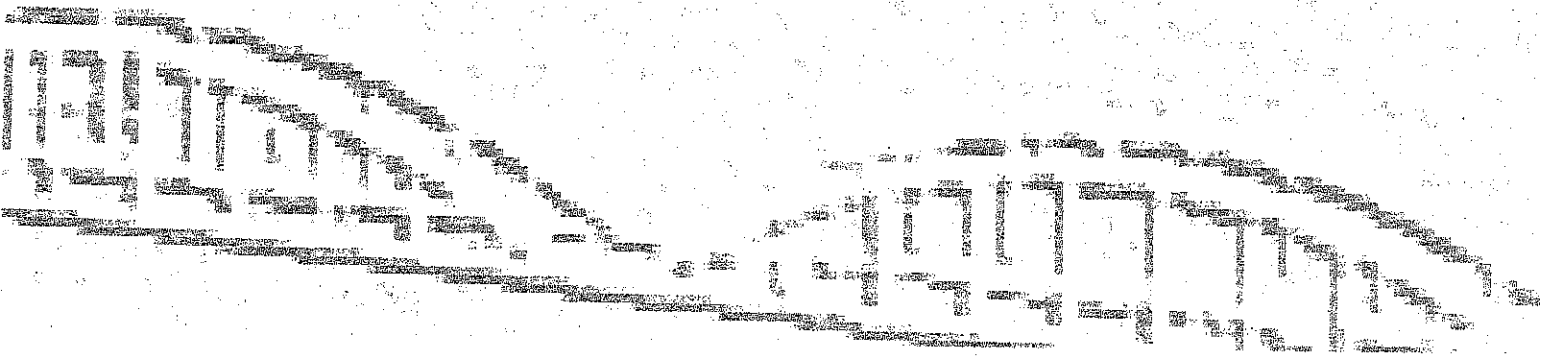
REVOLVING LOANS	HOME INVESTMENT PARTNERSHIP	LAW ENFORCEMENT BLOCK GRANT	HUD GRANTS	ENVIRONMENTAL PROTECTION AGENCY GRANT	TAX INCREMENT FINANCING DISTRICTS DEBT SERVICE	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,377,164	\$ 3,416,185
-	741,670	103,544	875,601	-	-	29,469
37,636	81,813	6,775	2,212	53,790	51	14,488,652
-	-	12,066	-	-	23,058	473,460
169,919	225,368	-	-	-	-	12,066
-	-	-	-	-	-	978,166
207,555	1,048,851	122,385	877,813	53,790	300,000	339,530
-	-	-	-	-	2,700,273	19,737,528
-	-	151,422	-	-	-	151,422
-	-	-	-	-	-	7,300,365
-	-	11,112	-	-	-	52,173
537,439	1,048,851	-	772,274	53,790	-	9,118,451
-	-	-	123,973	-	-	123,973
13,333	-	-	-	-	1,651,603	1,833,254
-	-	-	-	-	1,035,571	1,116,981
550,772	1,048,851	162,534	896,247	53,790	-	-
-	-	-	-	-	2,687,174	19,696,619
(343,217)	-	(40,149)	(18,434)	-	13,099	40,909
-	-	-	-	-	17,508	17,508
-	-	-	-	-	-	700
-	-	-	-	-	25,432	93,911
-	-	-	-	-	(24,500)	(711,535)
-	-	-	-	-	18,440	(599,416)
(343,217)	-	(40,149)	(18,434)	-	31,539	(558,507)
1,446,544	-	285,997	101,489	-	1,180,839	10,152,451
\$ 1,103,327	\$ -	\$ 245,848	\$ 83,055	\$ -	\$ 1,212,378	\$ 9,593,944



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Non-Major Enterprise Funds

Public Housing Fund – Accounts for revenue and expenses associated with the Heritage High-Rise housing facility for the elderly, handicapped and disabled and for the Public Housing units for the low-income families. A Federal Housing and Urban Development (HUD) subsidy provides support for the Heritage High-Rise.

Golf Course Fund – Accounts for revenue and expenses associated with operation of the City's four golf courses, Duck Creek, Emeis, Credit Island and Red Hawk.

Airport Fund – Accounts for revenue and expenses associated with operation of the Davenport Airport, a reliever airport for the Quad City Airport. Rental income is obtained from the leasing of surrounding farmland, as well as hangar spaces at the airport.

Public Transit Fund – Accounts for revenue and expenses associated with the City's fixed route transit system, demand response transit and the ground transportation terminal, known as the TransitCenter. Revenue is generated mainly from a transit property tax, federal and state operating and capital grants, user fees, and miscellaneous rentals at the TransitCenter.

Solid Waste Fund – Accounts for revenue and expenses associated with the City's collection of solid waste, bulky waste, yard waste and curbside recycling programs.

CITY OF DAVENPORT
NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF NET ASSETS
June 30, 2005
BUSINESS-TYPE ACTIVITIES -

ASSETS	PUBLIC HOUSING	GOLF COURSES	AIRPORT
Current assets:			
Cash and cash equivalents	\$ 412,881	\$ -	\$ 133,386
Receivables:			
Property taxes:			
Delinquent	-	-	-
Succeeding year	-	-	-
Accounts	4,068	12,859	1,504
Interest	2,578	1,763	988
Due from other governments	13,328	-	-
Restricted cash and cash equivalents	139,562	183,871	-
Total current assets	572,417	198,493	135,878
Noncurrent assets:			
Deferred charges	5,115	4,204	4,666
Investment in joint venture	-	-	-
Capital assets:			
Land	526,071	1,272,122	749,356
Buildings	7,112,311	197,232	2,187,994
Improvements other than buildings	-	2,595,425	5,938,456
Equipment and vehicles	48,410	976,501	173,758
Paving	84,360	-	-
less accumulated depreciation	(3,793,414)	(2,075,257)	(4,308,264)
Construction in progress	-	17,146	75,235
Total noncurrent assets	3,982,853	2,987,373	4,821,201
Total assets	4,555,270	3,185,866	4,957,079
LIABILITIES			
LIABILITIES:			
Current liabilities:			
Wages payable	2,868	46,310	1,658
Accounts payable	15,850	51,429	3,939
Accrued interest payable	3,033	1,409	649
Compensated absences	5,095	49,631	687
Interfund loans payable	-	-	23,041
Deferred revenue:			
Succeeding year property tax	-	-	-
Other	2,385	-	-
General obligation bonds - current	70,000	155,000	10,000
Total current liabilities	99,231	303,779	39,974
Current liabilities payable from restricted assets:			
Deposits payable	27,468	-	-
Noncurrent liabilities:			
Compensated absences	680	6,621	92
General obligation bonds - long term	683,333	317,938	194,664
Total noncurrent liabilities	684,013	324,559	194,756
Total liabilities	810,712	628,338	234,730
NET ASSETS			
Invested in capital assets, net of related debt	3,341,614	2,514,435	4,616,537
Unrestricted	402,944	43,093	105,812
Total net assets	\$ 3,744,558	\$ 2,557,528	\$ 4,722,349

ENTERPRISE FUNDS

<u>PUBLIC TRANSIT</u>	<u>SOLID WASTE</u>	<u>TOTAL NON-MAJOR ENTERPRISE FUNDS</u>
\$ -	\$ -	\$ 546,267
51,764	-	51,764
2,874,901	-	2,874,901
3,531	1,183,500	1,205,462
-	-	5,329
359,621	-	372,949
-	-	323,433
<u>3,289,817</u>	<u>1,183,500</u>	<u>5,380,105</u>
-	-	13,985
618,664	-	618,664
1,599,288	-	4,146,837
3,929,427	-	13,426,964
-	-	8,533,881
4,690,063	2,622,324	8,511,056
-	-	84,360
(3,892,334)	(2,119,684)	(16,188,953)
-	-	92,381
<u>6,945,108</u>	<u>502,640</u>	<u>19,239,175</u>
<u>10,234,925</u>	<u>1,686,140</u>	<u>24,619,280</u>
53,673	52,510	157,019
64,931	96,419	232,568
-	-	5,091
44,518	99,876	199,807
152,085	119,880	295,006
2,874,901	-	2,874,901
17,886	-	20,271
-	-	235,000
<u>3,207,994</u>	<u>368,685</u>	<u>4,019,663</u>
-	-	27,468
5,939	13,324	26,656
-	-	1,195,935
<u>5,939</u>	<u>13,324</u>	<u>1,222,591</u>
<u>3,213,933</u>	<u>382,009</u>	<u>5,269,722</u>
6,326,444	502,640	17,301,670
694,548	801,491	2,047,888
<u>\$7,020,992</u>	<u>\$ 1,304,131</u>	<u>\$ 19,349,558</u>

CITY OF DAVENPORT**NON-MAJOR ENTERPRISE FUNDS****COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS****For the Fiscal Year Ended June 30, 2005****BUSINESS-TYPE ACTIVITIES -**

	<u>PUBLIC HOUSING</u>	<u>GOLF COURSES</u>	<u>AIRPORT</u>
OPERATING REVENUES:			
Charges for services	\$ 327,173	\$ 2,401,727	\$ 154,581
Other	32,141	-	15,651
Total Operating Revenues	<u>359,314</u>	<u>2,401,727</u>	<u>170,232</u>
OPERATING EXPENSES:			
Employee expenses	103,989	1,129,977	28,107
Supplies and services	575,453	1,280,398	159,872
Depreciation	228,769	202,341	248,018
Total Operating Expenses	<u>908,211</u>	<u>2,612,716</u>	<u>435,997</u>
OPERATING INCOME (LOSS)	<u>(548,897)</u>	<u>(210,989)</u>	<u>(265,765)</u>
NON-OPERATING REVENUES (EXPENSES):			
Taxes	-	-	-
Operating grants	572,828	-	-
Use of monies and property	11,258	6,638	46,325
Interest expense	(39,979)	(23,174)	(4,322)
Gain (loss) on disposition of fixed assets	-	2,324	-
Joint venture adjustment	-	-	-
Total Non-operating Revenues (Expenses)	<u>544,107</u>	<u>(14,212)</u>	<u>42,003</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>(4,790)</u>	<u>(225,201)</u>	<u>(223,762)</u>
Capital contributions	64,791	62,926	1,125,402
Transfers out	(68,479)	-	-
Change in net assets	<u>(8,478)</u>	<u>(162,275)</u>	<u>901,640</u>
Total net assets - beginning	<u>3,753,036</u>	<u>2,719,803</u>	<u>3,820,709</u>
Total net assets - ending	<u>\$ 3,744,558</u>	<u>\$ 2,557,528</u>	<u>\$ 4,722,349</u>

ENTERPRISE FUNDS

<u>PUBLIC TRANSIT</u>	<u>SOLID WASTE</u>	<u>TOTAL NON-MAJOR ENTERPRISE FUNDS</u>
\$ 442,512	\$ 3,729,191	\$ 7,055,184
-	972	48,764
<u>442,512</u>	<u>3,730,163</u>	<u>7,103,948</u>
1,992,489	2,087,843	5,342,405
2,020,363	1,878,326	5,914,412
395,396	227,707	1,302,231
<u>4,408,248</u>	<u>4,193,876</u>	<u>12,559,048</u>
(3,965,736)	(463,713)	(5,455,100)
2,769,893	-	2,769,893
790,633	-	1,363,461
14,783	5,681	84,685
-	-	(67,475)
2,445	(6,138)	(1,369)
148,948	-	148,948
<u>3,726,702</u>	<u>(457)</u>	<u>4,298,143</u>
(239,034)	(464,170)	(1,156,957)
25,467	594,193	1,872,779
-	-	(68,479)
<u>(213,567)</u>	<u>130,023</u>	<u>647,343</u>
7,234,559	1,174,108	18,702,215
<u>\$ 7,020,992</u>	<u>\$ 1,304,131</u>	<u>\$ 19,349,558</u>

CITY OF DAVENPORT
NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2005

	BUSINESS-TYPE ACTIVITIES -		
	PUBLIC HOUSING	GOLF COURSES	AIRPORT
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from users	\$ 329,844	\$ 2,400,002	\$ 159,255
Cash paid to suppliers for goods and services	(574,512)	(1,303,796)	(158,483)
Cash paid to employees for services	(103,487)	(1,112,775)	(26,703)
Other operating revenue	32,140	-	15,651
Net Cash Provided by (Used for) Operating Activities	(316,015)	(16,569)	(10,280)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
Repayments to other funds	-	(38,700)	(403)
Advances from other funds	-	-	23,041
Operating grants	572,828	-	-
Property tax	-	-	-
Transfers out	(68,479)	-	-
Net Cash Provided by (Used for) Non-Capital Financing Activities	504,349	(38,700)	22,638
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from general obligation bonds	-	-	205,000
Proceeds from the sale of capital assets	-	-	-
Acquisition and construction of capital assets	-	146,497	(362,175)
Principal paid on long-term debt	(65,000)	(150,000)	-
Interest paid on long-term debt	(39,482)	(22,012)	(3,592)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(104,482)	(25,515)	(160,767)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest and investment income	10,264	6,522	46,386
Net Increase (Decrease) in Cash and Cash Equivalents	94,116	(74,262)	(102,023)
CASH AND CASH EQUIVALENTS-BEGINNING	458,327	258,133	235,409
CASH AND CASH EQUIVALENTS-ENDING	\$ 552,443	\$ 183,871	\$ 133,386

ENTERPRISE FUNDS

<u>PUBLIC TRANSIT</u>	<u>CURBSIDE RECYCLING</u>	<u>TOTAL NON-MAJOR ENTERPRISE FUNDS</u>
\$ 191,207	\$ 3,271,953	\$ 6,352,261
(1,976,867)	(1,837,543)	(5,851,201)
(2,005,765)	(2,009,302)	(5,258,032)
-	972	48,763
<u>(3,791,425)</u>	<u>(573,920)</u>	<u>(4,708,209)</u>
-	-	(39,103)
152,085	119,880	295,006
790,633	-	1,363,461
2,765,123	-	2,765,123
-	-	(68,479)
<u>3,707,841</u>	<u>119,880</u>	<u>4,316,008</u>
-	-	205,000
2,875	-	2,875
-	(35,419)	(251,097)
-	-	(215,000)
-	-	(65,086)
<u>2,875</u>	<u>(35,419)</u>	<u>(323,308)</u>
-	-	-
<u>14,783</u>	<u>7,377</u>	<u>85,332</u>
(65,926)	(482,082)	(630,177)
<u>65,926</u>	<u>482,082</u>	<u>1,499,877</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 869,700</u>

(continued)

CITY OF DAVENPORT
NON-MAJOR ENTERPRISE FUNDS (CONTINUED)
COMBINING STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2005

	BUSINESS-TYPE ACTIVITIES -		
	PUBLIC HOUSING	GOLF COURSES	AIRPORT
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES			
Operating Income (Loss)	\$ (548,897)	\$ (210,989)	\$ (265,765)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Depreciation	228,769	202,341	248,018
Change in assets and liabilities:			
Decrease (increase) in accounts receivable	3,230	(1,725)	4,674
Decrease (increase) in due from other governments	(559)	-	-
Decrease (increase) in prepaids	-	8,480	-
Increase (decrease) in accounts payable	935	(31,878)	1,389
Increase (decrease) in other accrued liabilities	507	17,202	1,404
Increase (decrease) in other deferred revenue	-	-	-
Total Adjustments	232,882	194,420	255,485
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	\$ (316,015)	\$ (16,569)	\$ (10,280)
SCHEDULE OF NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES			
Acquisition of capital assets	\$ (64,794)	\$ -	\$ (551,332)
Contribution of capital assets by municipality	-	-	15,500
Contribution of capital assets by state and federal governments	64,794	-	535,832

ENTERPRISE FUNDS

<u>PUBLIC TRANSIT</u>	<u>CURBSIDE RECYCLING</u>	<u>TOTAL NON-MAJOR ENTERPRISE FUNDS</u>
<u>\$ (3,965,736)</u>	<u>\$ (463,713)</u>	<u>\$ (5,455,100)</u>
395,396	227,707	1,302,231
(1,045)	(457,238)	(452,104)
(255,856)	-	(256,415)
50,000	-	58,480
(6,504)	40,783	4,725
(13,276)	78,541	84,378
5,596	-	5,596
<u>174,311</u>	<u>(110,207)</u>	<u>746,891</u>
<u><u>\$ (3,791,425)</u></u>	<u><u>\$ (573,920)</u></u>	<u><u>\$ (4,708,209)</u></u>
\$ (25,467)	\$ (594,193)	\$ (1,235,786)
8,386	594,193	618,079
17,081	-	617,707



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Internal Service Funds

Employee Insurance Fund – Accounts for the revenue received from employee and employer contributions and expenses for insurance premiums, administrative fees, and health claims related to the City's protected employee benefit program. Transfers from other City funds, determined on an actuarial basis, are accounted for as revenue in this fund.

Risk Management Fund – Accounts for liability, property and worker's compensation insurance premiums, claims and administrative fees of the City's protected self-insurance program. Transfers from other City funds, determined on an actuarial basis, are accounted for as revenue in this fund.

Information Management Services Fund – Accounts for the accumulation and allocation of costs associated with information technology.

CITY OF DAVENPORT
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS
June 30, 2005

ASSETS	EMPLOYEE INSURANCE	RISK MANAGEMENT	INFORMATION MANAGEMENT SERVICES	TOTAL INTERNAL SERVICE FUNDS
Current assets:				
Cash and cash equivalents	\$ 3,533,740	\$ 2,830,407	\$ 322,013	\$ 6,686,160
Accounts receivable	100,752	4,367	-	105,119
Interest receivable	23,249	22,820	-	46,069
Due from other governments	-	-	5,012	5,012
Prepays	-	32,260	-	32,260
Total current assets	<u>3,657,741</u>	<u>2,889,854</u>	<u>327,025</u>	<u>6,874,620</u>
Noncurrent assets:				
Equipment and vehicles	-	-	1,468,040	1,468,040
Less accumulated depreciation	-	-	(1,172,434)	(1,172,434)
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>295,606</u>	<u>295,606</u>
Total assets	<u>3,657,741</u>	<u>2,889,854</u>	<u>622,631</u>	<u>7,170,226</u>
LIABILITIES				
LIABILITIES:				
Current liabilities:				
Wages payable	924	15,825	19,557	36,306
Accounts payable	158,335	56,627	37,657	252,619
Compensated absences	296	36,524	33,027	69,847
Claims and judgments	862,985	3,808,805	-	4,671,790
Total current liabilities	<u>1,022,540</u>	<u>3,917,781</u>	<u>90,241</u>	<u>5,030,562</u>
Noncurrent liabilities:				
Compensated absences	41	4,872	4,406	9,319
Total liabilities	<u>1,022,581</u>	<u>3,922,653</u>	<u>94,647</u>	<u>5,039,881</u>
NET ASSETS				
Invested in capital assets, net of related debt	-	-	295,606	295,606
Unrestricted	2,635,160	(1,032,799)	232,378	1,834,739
Total net assets	<u>\$ 2,635,160</u>	<u>\$ (1,032,799)</u>	<u>\$ 527,984</u>	<u>\$ 2,130,345</u>

CITY OF DAVENPORT**INTERNAL SERVICE FUNDS****COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**
For the Fiscal Year Ended June 30, 2005

	<u>EMPLOYEE INSURANCE</u>	<u>RISK MANAGEMENT</u>	<u>INFORMATION MANAGEMENT SERVICES</u>	<u>TOTAL INTERNAL SERVICE FUNDS</u>
OPERATING REVENUES:				
Charges for services	\$ 10,621,022	\$ 3,339,584	\$ 1,006,510	\$ 14,967,116
Other	2,089	1,363	-	3,452
Total Operating Revenues	<u>10,623,111</u>	<u>3,340,947</u>	<u>1,006,510</u>	<u>14,970,568</u>
OPERATING EXPENSES:				
Employee expenses	20,995	554,348	518,950	1,094,293
Supplies and services	10,796,782	3,586,682	465,415	14,848,879
Depreciation	-	-	116,277	116,277
Total Operating Expenses	<u>10,817,777</u>	<u>4,141,030</u>	<u>1,100,642</u>	<u>16,059,449</u>
OPERATING INCOME (LOSS)	(194,666)	(800,083)	(94,132)	(1,088,881)
NON-OPERATING REVENUES (EXPENSES):				
Use of monies and property	<u>86,754</u>	<u>85,152</u>	<u>9</u>	<u>171,915</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS	(107,912)	(714,931)	(94,123)	(916,966)
Capital contributions	<u>-</u>	<u>-</u>	<u>140,018</u>	<u>140,018</u>
Change in net assets	(107,912)	(714,931)	45,895	(776,948)
Total net assets - beginning	<u>2,743,072</u>	<u>(317,868)</u>	<u>482,089</u>	<u>2,907,293</u>
Total net assets - ending	<u>\$ 2,635,160</u>	<u>\$ (1,032,799)</u>	<u>\$ 527,984</u>	<u>\$ 2,130,345</u>

CITY OF DAVENPORT**INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2005**

	<u>EMPLOYEE INSURANCE</u>	<u>RISK MANAGEMENT</u>	<u>INFORMATION MANAGEMENT SERVICES</u>	<u>TOTAL INTERNAL SERVICE FUNDS</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from users	\$ 10,520,270	\$ 3,336,042	\$ 1,007,618	\$ 14,863,930
Cash paid to suppliers for goods and services	(10,970,384)	(2,750,064)	(452,099)	(14,172,547)
Cash paid to employees for services	(19,734)	(517,124)	(508,555)	(1,045,413)
Other operating revenue	2,089	1,363	-	3,452
Net Cash Provided by (Used for) Operating Activities	<u>(467,759)</u>	<u>70,217</u>	<u>46,964</u>	<u>(350,578)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest and investment income	<u>80,569</u>	<u>81,055</u>	<u>9</u>	<u>161,633</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(387,190)	151,272	46,973	(188,945)
CASH AND CASH EQUIVALENTS- BEGINNING	<u>3,920,930</u>	<u>2,679,135</u>	<u>275,040</u>	<u>6,875,105</u>
CASH AND CASH EQUIVALENTS- ENDING	<u>\$ 3,533,740</u>	<u>\$ 2,830,407</u>	<u>\$ 322,013</u>	<u>\$ 6,686,160</u>

CITY OF DAVENPORT**INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2005 (Continued)**

	<u>EMPLOYEE INSURANCE</u>	<u>RISK MANAGEMENT</u>	<u>INFORMATION MANAGEMENT SERVICES</u>	<u>TOTAL INTERNAL SERVICE FUNDS</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES				
Operating Income (Loss)	\$ (194,666)	\$ (800,083)	\$ (94,132)	\$ (1,088,881)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Depreciation	-	-	116,277	116,277
Change in assets and liabilities:				
Decrease (increase) in accounts receivable	(100,752)	(3,542)	-	(104,294)
Decrease (increase) in due from other governments	-	-	1,108	1,108
Decrease (increase) in prepaids	-	(972)	-	(972)
Increase (decrease) in accounts payable	(173,602)	837,590	15,041	679,029
Increase (decrease) in other accrued liabilities	1,261	37,224	10,395	48,880
Increase (decrease) in due to other governments	-	-	(1,725)	(1,725)
Total Adjustments	<u>(273,093)</u>	<u>870,300</u>	<u>141,096</u>	<u>738,303</u>
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>\$ (467,759)</u>	<u>\$ 70,217</u>	<u>\$ 46,964</u>	<u>\$ (350,578)</u>
SCHEDULE OF NON-CASH INVESTING, CAPITAL AND				
Acquisition of capital assets			\$ (140,018)	\$ (140,018)
Contribution of capital assets by municipality			140,018	140,018

Fiduciary Fund Types

Riverfront Task Force Fund – Accounts for receipts of donations to be used toward the formation of a plan for riverfront development.

Library Gift Fund – Accounts for donations to the Davenport Library and disbursements, which include the purchase of books, periodicals and equipment as authorized by the Library Board of Directors.

M.D. Petersen Memorial Fund – Accounts for an annual contribution from the Petersen estate and the disbursement for improvements designated by the Davenport Levee Improvement Commission.

CITY OF DAVENPORT**ALL AGENCY FUNDS****COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES****For the Fiscal Year Ended June 30, 2005**

<u>RIVERFRONT TASK FORCE</u>	BALANCE JULY 1, 2004	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2005
ASSETS:				
Cash and investments	\$ 4,879	\$ 100	\$ -	\$ 4,979
Interest receivable	22	28	22	28
TOTAL ASSETS	\$ 4,901	\$ 128	\$ 22	\$ 5,007
LIABILITIES:				
Due to other governments	\$ 4,901	\$ 128	\$ 22	\$ 5,007
LIBRARY GIFT				
ASSETS:				
Cash and investments	\$ 335,912	\$ 310,464	\$ 311,732	\$ 334,644
Interest receivable	1,568	2,016	1,568	2,016
TOTAL ASSETS	\$ 337,480	\$ 312,480	\$ 313,300	\$ 336,660
LIABILITIES:				
Accounts payable	\$ 23,038	\$ 271,723	\$ 254,354	\$ 40,407
Due to other governments	314,442	40,757	58,946	296,253
TOTAL LIABILITIES	\$ 337,480	\$ 312,480	\$ 313,300	\$ 336,660
M.D. PETERSEN MEMORIAL				
ASSETS:				
Cash and investments	\$ 9,021	\$ 2,234	\$ 6,210	\$ 5,045
Interest receivable	44	42	44	42
TOTAL ASSETS	\$ 9,065	\$ 2,276	\$ 6,254	\$ 5,087
LIABILITIES:				
Accounts payable	\$ 9,021	\$ 2,234	\$ 6,210	\$ 5,045
Due to other governments	44	42	44	42
TOTAL LIABILITIES	\$ 9,065	\$ 2,276	\$ 6,254	\$ 5,087
TOTALS - ALL AGENCY FUNDS				
ASSETS:				
Cash and investments	\$ 349,812	\$ 312,798	\$ 317,942	\$ 344,668
Interest receivable	1,634	2,086	1,634	2,086
TOTAL ASSETS	\$ 351,446	\$ 314,884	\$ 319,576	\$ 346,754
LIABILITIES:				
Accounts payable	\$ 32,059	\$ 273,957	\$ 260,564	\$ 45,452
Due to other governments	319,387	40,927	59,012	301,302
TOTAL LIABILITIES	\$ 351,446	\$ 314,884	\$ 319,576	\$ 346,754

CITY OF DAVENPORT**SCHEDULE OF BONDED INDEBTEDNESS
JUNE 30, 2005**

	<u>AMOUNT ORIGINALLY ISSUED</u>	<u>INTEREST RATE</u>	<u>DATE OF ISSUE</u>
Streets, Sewers, Buildings, Equipment (refunded 06/01/88, 08/01/90 & 12/01/90 issues)	\$ 7,745,000	4.20-5.38 %	04/01/96
Building, Streets, Sewers, Equipment	15,570,000	5.00-5.25	08/01/96
Economic Development	2,155,000	6.75-7.20	09/01/97
Streets, Sewers, Buildings, Parks	7,325,000	4.75-4.85	09/01/97
Streets, Sewers, Buildings, Equipment (refunded 08/01/91, 10/01/92 issues)	14,590,000	4.38-5.00	03/15/98
Streets, Sewers, Buildings, Development (refunded 06/01/88, 06/01/89, 12/01/90 issues)	5,250,000	6.13-6.15	03/15/98
Streets, Sewers, Buildings, Parks, Equipment	6,795,000	4.40-4.90	08/01/98
Streets, Sewers, Elderly Housing, Equipment	7,485,000	4.50-4.88	09/15/99
Streets, Sewers, Buildings, Equipment	8,620,000	4.40-5.10	11/01/00
Economic Development	1,100,000	6.90-7.00	11/01/00
Economic Development, Sewers, Equipment (refunded 07/01/93 issue)	11,720,000	4.00-4.50	05/23/01
Streets, Equipment, Parking Ramps	19,540,000	3.00-5.00	12/05/01
Parking Ramps	5,195,000	6.25-6.70	12/05/01
Streets, Sewers, Equipment, Development (refunded 09/01/94 issue)	4,415,000	3.50-4.20	12/05/01
Economic Development (refunded 09/01/94 issue)	2,755,000	4.00-6.00	12/05/01
Streets, Sewers, Equipment	15,490,000	3.00-4.40	11/06/02
Stadium	12,160,000	2.00-5.25	11/19/03
Streets, Sewers, Golf Equipment	9,390,000	2.50-4.10	11/19/03
Streets, Sewers, Golf, Equipment (refunded 08/01/95 issue)	2,325,000	2.00-3.00	11/19/03
Building, Streets, Sewers, Equipment (refunded 08/01/96 issue)	9,685,000	2.00-4.00	11/19/03
Economic Development	3,150,000	4.50-5.10	02/24/04
Streets, Sewers, River Renaissance	4,535,000	2.00-4.00	02/24/04
Streets, Sewers, Economic Development, Airport	11,690,000	3.20-4.25	12/15/04
Total General Obligation Indebtedness Matured bonds not present for payment			
TOTAL BONDED INDEBTEDNESS			

BALANCE OUTSTANDING JULY 1, 2004	ISSUED (REDEEMED) DURING YEAR	BALANCE OUTSTANDING JUNE 30, 2005	INTEREST EXPENSE DURING YEAR
\$ 495,000	\$ (295,000)	\$ 200,000	\$ 25,325
830,000	(830,000)	-	42,538
1,565,000	(130,000)	1,435,000	109,945
4,385,000	(395,000)	3,990,000	210,810
8,375,000	(1,725,000)	6,650,000	392,265
1,290,000	(200,000)	1,090,000	79,335
4,030,000	(380,000)	3,650,000	185,380
4,585,000	(390,000)	4,195,000	220,649
6,300,000	(625,000)	5,675,000	305,928
880,000	(125,000)	755,000	61,345
6,805,000	(1,670,000)	5,135,000	282,981
17,110,000	(935,000)	16,175,000	798,369
5,075,000	(125,000)	4,950,000	326,788
3,260,000	(600,000)	2,660,000	127,928
2,040,000	(335,000)	1,705,000	111,890
13,160,000	(1,095,000)	12,065,000	485,279
11,050,000	(855,000)	10,195,000	438,741
8,930,000	(395,000)	8,535,000	324,551
2,315,000	(365,000)	1,950,000	54,713
9,645,000	(125,000)	9,520,000	298,891
3,150,000	-	3,150,000	189,275
4,535,000	(290,000)	4,245,000	171,413
-	10,810,000	10,810,000	201,231
119,810,000	(1,075,000)	118,735,000	5,445,568
30,000	-	30,000	-
<u>\$ 119,840,000</u>	<u>\$ (1,075,000)</u>	<u>\$ 118,765,000</u>	<u>\$ 5,445,568</u>

CITY OF DAVENPORT**SUMMARY OF BOND MATURITIES**
June 30, 2005

<u>ISSUE DATE</u>	<u>BALANCE OUTSTANDING JUNE 30, 2005</u>	<u>FISCAL YEAR 2006</u>	<u>FISCAL YEAR 2007</u>	<u>FISCAL YEAR 2008</u>	<u>FISCAL YEAR 2009</u>
General Obligation Bonds:					
April 1, 1996 Refunding	\$ 200	\$ 25	\$ 25	\$ 50	\$ 50
September 1, 1997 Taxable	1,435	130	140	85	90
September 1, 1997	3,990	410	430	455	475
March 15, 1998 Refunding	6,650	1,810	1,170	670	695
March 15, 1998 Taxable	1,090	185	200	220	235
August 1, 1998	3,650	395	420	440	435
September 15, 1999	4,195	410	425	445	445
November 1, 2000	5,675	475	500	525	555
November 1, 2000 Taxable	755	130	140	150	160
May 23, 2001 Refunding	5,135	1,700	1,705	1,730	-
December 5, 2001	16,175	1,010	1,040	1,080	1,025
December 5, 2001 Taxable	4,950	180	210	220	230
December 5, 2001 Refunding	2,660	625	650	680	705
December 5, 2001 Refunding	1,705	340	200	215	230
November 6, 2002	12,065	1,115	1,140	830	855
November 19, 2003	10,195	880	905	935	980
November 19, 2003	8,535	405	405	425	235
November 19, 2003 Refunding	1,950	375	380	385	400
November 19, 2003 Refunding	9,520	1,000	890	910	945
February 24, 2004	3,150	-	130	135	140
February 24, 2004	4,245	325	325	330	345
December 15, 2004	<u>10,810</u>	<u>710</u>	<u>755</u>	<u>780</u>	<u>795</u>
General Obligation Bonds	118,735	<u>\$ 12,635</u>	<u>\$ 12,185</u>	<u>\$ 11,695</u>	<u>\$ 10,025</u>
Matured bonds not presented for payment	<u>30</u>				
Total bond indebtedness	<u>\$ 118,765</u>				

Note: Amounts shown represent thousands of dollars.

<u>FISCAL YEAR 2010</u>	<u>FISCAL YEAR 2011</u>	<u>FISCAL YEAR 2012</u>	<u>FISCAL YEAR 2013</u>	<u>FISCAL YEAR 2014</u>	<u>FISCAL YEAR 2015</u>	<u>FISCAL YEARS 2016 AND AFTER</u>
\$ 50	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
95	105	110	120	125	135	300
495	520	545	120	125	130	285
730	770	805	-	-	-	-
250	-	-	-	-	-	-
460	475	500	525	-	-	-
465	460	485	515	545	-	-
580	545	575	605	640	675	-
175	-	-	-	-	-	-
-	-	-	-	-	-	-
1,065	1,105	1,155	1,200	1,255	1,310	4,930
245	255	270	285	305	325	2,425
-	-	-	-	-	-	-
125	130	150	155	160	-	-
885	920	955	990	1,025	1,070	2,280
1,020	1,065	1,075	1,140	390	410	1,395
240	245	260	270	1,115	1,155	3,780
410	-	-	-	-	-	-
970	1,015	695	725	755	790	825
145	150	155	160	170	180	1,785
355	365	370	385	400	195	850
<u>680</u>	<u>700</u>	<u>725</u>	<u>750</u>	<u>775</u>	<u>765</u>	<u>3,375</u>
<u>\$ 9,440</u>	<u>\$ 8,825</u>	<u>\$ 8,830</u>	<u>\$ 7,945</u>	<u>\$ 7,785</u>	<u>\$ 7,140</u>	<u>\$ 22,230</u>

CITY OF DAVENPORT**SUMMARY OF BONDED DEBT SERVICE REQUIREMENTS TO MATURITY BY FUND
JUNE 30, 2005****PRINCIPAL:**

YEAR ENDING JUNE 30	DEBT SERVICE FUNDS		SPECIAL REVENUE FUNDS	
	GENERAL DEBT SERVICE	TAX INCREMENT FINANCING DISTRICTS	LEVEE IMPROVEMENT COMMISSION	MUNICIPAL IMPROVEMENT DISTRICTS
2006	\$ 8,739,000	\$ 1,385,000	\$ 25,000	\$ 155,000
2007	8,530,000	1,400,000	25,000	157,000
2008	7,758,000	1,659,000	30,000	170,000
2009	6,779,000	1,471,000	30,000	176,000
2010	6,446,000	1,513,000	-	44,000
2011	6,395,000	1,030,000	-	46,000
2012	6,305,000	1,044,000	-	49,000
2013	5,460,000	834,000	-	52,000
2014	5,260,000	878,000	-	55,000
2015	4,960,000	608,000	-	58,000
2016+	11,065,000	3,537,000	-	420,900
	77,697,000	15,359,000	110,000	1,382,900
Matured	30,000	-	-	-
Total	\$ 77,727,000	\$ 15,359,000	\$ 110,000	\$ 1,382,900

PRINCIPAL AND INTEREST:

YEAR ENDING JUNE 30	DEBT SERVICE FUNDS		SPECIAL REVENUE FUNDS	
	GENERAL DEBT SERVICE	TAX INCREMENT FINANCING DISTRICTS	LEVEE IMPROVEMENT COMMISSION	MUNICIPAL IMPROVEMENT DISTRICTS
2006	\$ 12,027,301.00	\$ 2,164,093.00	\$ 30,927.00	\$ 223,774.00
2007	11,512,147	2,066,924	29,678	219,274
2008	10,343,409	2,370,575	33,378	224,475
2009	9,039,523	2,091,968	31,728	224,145
2010	8,441,759	2,054,779	-	83,474
2011	8,130,138	1,521,821	-	83,475
2012	7,764,949	1,463,552	-	83,475
2013	6,637,841	1,138,937	-	83,475
2014	6,194,295	1,161,290	-	83,475
2015	5,668,343	806,773	-	83,475
2016+	12,008,706	4,192,354	-	500,848
	97,768,411	21,033,066	125,711	1,893,365
Matured	34,193	-	-	-
Total	\$ 97,802,604	\$ 21,033,066	\$ 125,711	\$ 1,893,365

ENTERPRISE FUNDS

SEWER OPERATIONS	PUBLIC HOUSING	GOLF COURSES	AIRPORT	PARKING	TOTAL BONDED DEBT
\$ 1,871,000	\$ 70,000	\$ 155,000	\$ 10,000	\$ 225,000	\$ 12,635,000
1,510,000	70,000	155,000	10,000	328,000	12,185,000
1,511,000	75,000	165,000	15,000	312,000	11,695,000
1,101,000	80,000	-	15,000	373,000	10,025,000
934,000	85,000	-	15,000	403,000	9,440,000
870,000	85,000	-	15,000	384,000	8,825,000
880,000	90,000	-	15,000	447,000	8,830,000
895,000	95,000	-	15,000	594,000	7,945,000
880,000	105,000	-	15,000	592,000	7,785,000
765,000	-	-	15,000	734,000	7,140,000
1,630,000	-	-	65,000	5,512,100	22,230,000
12,847,000	755,000	475,000	205,000	9,904,100	118,735,000
-	-	-	-	-	30,000
<u>\$ 12,847,000</u>	<u>\$ 755,000</u>	<u>\$ 475,000</u>	<u>\$ 205,000</u>	<u>\$ 9,904,100</u>	<u>\$ 118,765,000</u>

ENTERPRISE FUNDS

SEWER OPERATIONS	PUBLIC HOUSING	GOLF COURSES	AIRPORT	PARKING	TOTAL BONDED DEBT
\$ 2,387,193.00	\$ 106,395.00	\$171,912.00	\$ 17,790.00	\$ 616,357.00	\$ 17,745,742.00
1,955,551	103,070	166,688	17,470	751,418	16,822,220
1,899,167	104,745	171,137	22,150	690,529	15,859,565
1,430,074	106,182	-	21,662	772,153	13,717,435
1,221,510	107,383	-	21,153	790,443	12,720,501
1,122,456	103,260	-	20,627	724,560	11,706,337
1,095,681	104,138	-	20,065	791,679	11,323,539
1,073,168	104,750	-	19,495	979,847	10,037,513
1,019,796	110,118	-	18,895	928,854	9,516,723
867,138	-	-	18,295	1,081,595	8,525,619
1,762,742	-	-	72,120	6,654,264	25,191,034
15,834,476	950,041	509,737	269,722	14,781,699	153,166,228
-	-	-	-	-	34,193
<u>\$ 15,834,476</u>	<u>\$ 950,041</u>	<u>\$ 509,737</u>	<u>\$ 269,722</u>	<u>\$ 14,781,699</u>	<u>\$ 153,200,421</u>

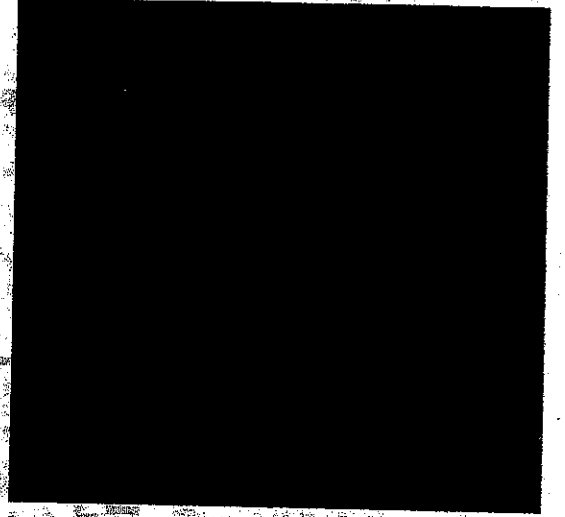
CITY OF DAVENPORT**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2005**

<u>GRANTOR/PROGRAM</u>	<u>CFDA NUMBER</u>	<u>GRANT NUMBER</u>	<u>EXPENDITURES</u>
Direct:			
<u>Department of Housing and Urban Development (HUD)</u>			
Community Development Block Grants/Entitlement			
Grants	14.218	B0XMC190002	\$ 2,836,895
HOME Investment Partnerships Program	14.239	M0XMC190200	1,048,852
Fair Housing Assistance Program	14.401	FF207K047015	123,973
EDI Special Projects	14.246	B01SPIA0169	430,002
EDI Special Projects	14.246	B02SPIA0174	26,166
EDI Special Projects	14.246	B03SPIA0194	124,298
			580,466
Public and Indian Housing	14.850	KC9148	101,952
Public and Indian Housing	14.850	KC76237	436,303
			538,255
Public Housing - Capital Fund Program	14.872	KC9148	106,476
Section 8 Housing Choice Vouchers	14.871	KC9027V	2,655,712
<u>Department of Transportation</u>			
Federal Transit - Formula Grants	20.507	IA-90-X249	7,280
Federal Transit - Formula Grants	20.507	IA-90-X201	11,082
Federal Transit - Formula Grants	20.507	IA-90-X297	388,332
Federal Transit - Formula Grants	20.507	IA-90-X290	126,775
			533,469
FAA Airport Improvement Program	20.106	3-19-0024-10	20,000
FAA Airport Improvement Program	20.106	3-19-0024-11	431,645
			451,645
<u>Department of Justice</u>			
Local Law Enforcement Block Grants Program	16.592	2004-LB-BX-0915	9,252
Local Law Enforcement Block Grants Program	16.592	2003-LB-BX-0429	146,417
Local Law Enforcement Block Grants Program	16.592	2002-LB-BX-1460	6,865
			162,534
Bulletproof Vest Partnership Program	16.607		20,037
Drug Enforcement	N/A	NC-IAS-039	5,167
<u>Environmental Protection Agency</u>			
Brownfields Pilot Partnership	66.811	BP987051-01	53,790
Total Direct			\$ 9,117,271

CITY OF DAVENPORT**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2005**

<u>GRANTOR/PROGRAM</u>	<u>CFDA NUMBER</u>	<u>GRANT NUMBER</u>	<u>EXPENDITURES</u>
Indirect:			
<u>Department of Economic Development</u> Emergency Shelter Grant Program	14.231	02-ES-008	<u>\$ 191,808</u>
<u>Department of Transportation</u> Iowa Department of Transportation Highway Planning and Construction	20.205	STP-U-1827(15)--70-82	<u>238,302</u> <u>238,302</u>
<u>Federal Emergency Management Agency</u> Iowa Department of Public Defense: Hazard Mitigation Grant	83.548	1367-0001	<u>\$ 410,085</u>
<u>National Highway Traffic Safety Administration</u> Governor's Traffic Safety Bureau: State and Community Highway Safety State and Community Highway Safety State and Community Highway Safety	20.600 20.600 20.600	PAP 03-04 TASK 09 PAP 04-410 TASK 13 PAP 04-163 TASK 21	10,363 20,500 17,806 <u>48,669</u>
<u>Department of Justice</u> Governor's Office of Drug Control Policy: Byrne Formula Grant Program Juvenile Accountability Incentive Block Grant Project Safe Neighborhood	16.579 16.523 16.609	99-0000 36-JD03-F504 03-SD05	56,362 40,207 41,767 <u>138,336</u>
<u>Department of Homeland Security</u> Scott County, Iowa State Domestic Preparedness Equipment Support Program	97.004	ODP-2003-MU-TE-0056	<u>114,115</u> <u>1,141,315</u>
Total Indirect			<u>1,141,315</u>
Total			<u>\$ 10,258,586</u>

N/A = Not Available

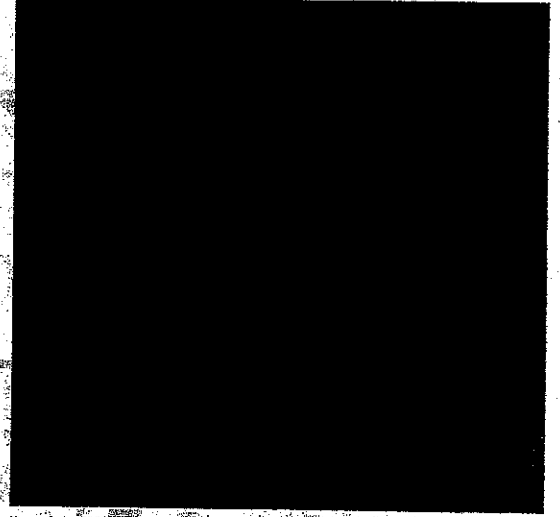


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STATISTICAL SECTION



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CITY OF DAVENPORT

**GOVERNMENT-WIDE EXPENSES BY FUNCTION
LAST FISCAL YEAR
June 30, 2005**

<u>FISCAL YEAR</u>	<u>GENERAL GOVERNMENT</u>	<u>COMMUNITY & ECONOMIC DEVELOPMENT</u>	<u>PUBLIC WORKS</u>	<u>PUBLIC SAFETY</u>	<u>CULTURE & RECREATION</u>	<u>INTEREST ON LONG- TERM DEBT</u>
2003*	\$ 6,691,573	\$ 20,546,796	\$ 22,620,755	\$ 28,898,445	\$ 11,891,089	\$ 4,307,208
2004	8,480,484	14,016,808	25,266,595	29,072,920	14,720,304	4,088,608
2005	10,445,510	12,540,036	18,288,161	32,069,077	15,273,271	4,697,555

*Fiscal year 2003 was the first year for government-wide statements.

<u>PARKING SYSTEM</u>	<u>SEWER OPERATIONS</u>	<u>RIVERCENTER</u>	<u>PUBLIC TRANSIT</u>	<u>PUBLIC HOUSING</u>	<u>GOLF COURSES</u>	<u>AIRPORT</u>	<u>SOLID WASTE</u>	<u>TOTAL</u>
\$ 1,625,843	\$ 12,072,674	\$ 3,220,654	\$ 4,443,687	\$ 960,487	\$ 2,105,937	\$ 403,870	\$ 1,194,442	\$ 120,983,460
2,089,879	11,612,949	3,976,124	4,343,627	905,413	2,142,641	469,150	1,256,114	122,442,816
1,987,325	12,336,175	3,856,510	4,464,738	956,687	2,651,694	446,777	4,255,444	124,268,960

CITY OF DAVENPORT

GOVERNMENT-WIDE REVENUES

LAST FISCAL YEAR

June 30, 2005

PROGRAMS REVENUES			
FISCAL YEAR	CHARGES FOR SALES AND SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
2003*	\$ 24,441,710	\$ 9,187,500	\$ 23,355,925
2004	26,124,782	11,677,961	19,322,762
2005	28,315,153	11,354,171	12,439,375

GENERAL REVENUES						
FISCAL YEAR	TAXES	INVESTMENT EARNINGS	LOSS ON SALE OF CAPITAL ASSETS	INTERGOVERNMENTAL	MISCELLANEOUS	TOTAL
2003*	\$ 69,059,558	\$ 1,990,652	\$ (73,015)	\$ 2,132,936	\$ 412,493	130,507,759
2004	72,082,022	1,887,860	-	-	365,754	131,461,141
2005	75,240,314	2,406,866	-	-	351,997	130,107,866

*Fiscal year 2003 was the first year for government-wide statements.



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CITY OF DAVENPORT**GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION
AND REVENUE BY SOURCE (1)
LAST TEN FISCAL YEARS****EXPENDITURES BY FUNCTION**

<u>FISCAL YEAR</u>	<u>POLICY AND ADMINISTRATION</u>	<u>COMMUNITY PROTECTION</u>	<u>HUMAN DEVELOPMENT</u>	<u>HOME AND COMMUNITY ENVIRONMENT</u>	<u>DEBT SERVICE</u>
1996	\$ 6,192,524.00	\$ 21,363,823.00	\$ 5,788,046.00	\$ 16,595,978.00	\$ 12,268,898.00
1997	6,093,100	22,467,942	5,948,758	16,111,855	12,700,478
1998	6,150,700	23,850,409	6,341,776	17,653,147	13,362,987
1999	6,122,526	25,079,701	6,583,866	16,604,839	12,347,688
2000	6,137,854	25,950,411	7,369,459	18,292,576	12,743,303
2001	6,734,448	28,519,472	8,011,876	20,240,634	12,852,650
2002	6,885,044	28,937,272	8,052,451	19,252,381	13,532,499
2003(2)	-	-	-	-	14,239,014
2004	-	-	-	-	15,376,988
2005	-	-	-	-	15,358,339

REVENUE BY SOURCE

<u>FISCAL YEAR</u>	<u>TAXES</u>	<u>SPECIAL ASSESSMENTS</u>	<u>LICENSES AND PERMITS</u>	<u>INTER- GOVERNMENTAL</u>	<u>CHARGES FOR SERVICES</u>
1996	\$ 43,539,932.00	\$ 271,412.00	\$ 1,084,782.00	\$ 14,421,221.00	\$ 1,817,734.00
1997	46,322,522	321,396	1,258,361	14,367,846	1,921,748
1998	47,161,629	369,547	1,242,875	15,157,987	2,018,583
1999	50,350,720	246,293	1,348,876	15,065,263	2,295,543
2000	51,494,417	146,888	1,306,031	15,954,677	2,567,138
2001	55,449,443	229,153	1,337,699	16,888,717	2,506,285
2002	56,129,537	109,613	1,350,200	16,191,357	2,931,111
2003	58,580,723	95,885	1,474,719	16,347,359	3,462,165
2004	60,657,581	18,098	1,556,959	16,188,758	3,594,151
2005	63,519,997	55,964	1,600,302	15,434,181	3,334,847

(1) Includes General, Special Revenue, and Debt Service Funds.

(2) Program reporting changed in FY03 to coincide with the implementation of GASB34.

<u>PUBLIC SAFETY</u>	<u>PUBLIC WORKS</u>	<u>CULTURE AND RECREATION</u>	<u>COMMUNITY AND ECONOMIC DEVELOPMENT</u>	<u>GENERAL GOVERNMENT</u>	<u>TOTAL</u>
-	-	-	-	-	\$ 62,209,269
-	-	-	-	-	63,322,133
-	-	-	-	-	67,359,019
-	-	-	-	-	66,738,620
-	-	-	-	-	70,493,603
-	-	-	-	-	76,359,080
-	-	-	-	-	76,659,647
24,222,254	18,686,735	7,953,882	9,540,981	5,954,830	80,597,696
29,666,713	14,039,017	7,383,847	10,385,376	6,111,702	82,963,643
31,539,164	11,829,081	7,878,176	10,937,442	6,878,912	84,421,114

<u>USE OF MONIES AND PROPERTY</u>	<u>FINES AND FORFEITS</u>	<u>OTHER</u>	<u>TOTAL</u>
\$ 3,466,135.00	\$ 519,648.00	\$ 1,078,397.00	\$ 66,199,261.00
3,619,202	446,934	1,708,997	69,967,006
3,095,571	558,377	1,381,027	70,985,596
2,818,884	528,270	1,298,710	73,952,559
3,100,405	526,028	1,554,789	76,650,373
3,695,481	373,862	1,821,333	82,301,973
2,185,533	565,819	1,485,403	80,948,573
1,546,216	481,059	1,612,253	83,600,379
1,542,997	533,863	3,276,698	87,369,105
1,881,705	604,751	2,312,354	88,744,101

CITY OF DAVENPORT**COMPARISON OF TAXES AND INTERGOVERNMENTAL REVENUE (1)
LAST TEN FISCAL YEARS**

	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
<u>TAXES</u>				
Property	\$ 46,859,542	\$ 43,618,499	\$ 41,705,006	\$ 40,107,885
Mobile home	68,386	64,859	61,088	66,435
Cable TV	820,688	826,665	875,706	900,158
Hotel/motel	1,395,028	1,453,268	1,439,259	1,388,190
Payments in lieu of tax	877,572	862,439	874,327	885,066
Local option sales	12,556,556	12,892,681	12,695,189	11,793,210
Gaming admissions	942,225	939,171	930,148	988,593
Total taxes	<u>63,519,997</u>	<u>60,657,582</u>	<u>58,580,723</u>	<u>56,129,537</u>
<u>Intergovernmental</u>				
Federal Grants				
CDBG	1,871,736	2,401,377	2,074,608	2,130,364
HOME	741,671	1,167,690	866,624	324,949
Assisted housing	2,655,712	2,593,039	2,218,751	1,820,768
LEBG	103,544	244,781	297,125	346,372
Disaster	-	-	20,154	634,286
Other	1,141,600	507,229	432,674	279,788
State Grants				
Municipal assistance	-	-	892,001	940,810
Homestead allocation	-	-	-	131,926
Road use tax	8,174,789	8,241,614	7,941,422	7,960,633
Gaming profits	393,437	378,803	327,918	313,870
Bank franchise	11,551	75,150	26,604	80,949
Personal property credit	-	-	579,800	610,895
Disaster	-	-	3,336	55,706
Other	340,141	579,075	666,342	560,041
Total intergovernmental	<u>15,434,181</u>	<u>16,188,758</u>	<u>16,347,359</u>	<u>16,191,357</u>
Totals	<u>\$ 78,954,178</u>	<u>\$ 76,846,340</u>	<u>\$ 74,928,082</u>	<u>\$ 72,320,894</u>

(1) Includes General, Special Revenue, and Debt Service Funds.

<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>
\$ 38,834,889	\$ 35,258,109	\$ 34,390,593	\$ 31,387,536	\$ 31,383,691	\$ 29,206,452
67,321	64,351	55,942	56,863	49,362	45,890
845,044	736,973	677,838	602,354	550,865	509,630
1,519,986	1,607,575	1,576,310	1,781,609	1,459,700	1,357,282
878,256	888,337	912,349	891,732	780,399	829,517
12,438,773	11,935,683	11,681,593	11,343,481	11,029,200	10,495,957
865,174	1,003,389	1,056,095	1,098,054	1,069,305	1,095,204
<u>55,449,443</u>	<u>51,494,417</u>	<u>50,350,720</u>	<u>47,161,629</u>	<u>46,322,522</u>	<u>43,539,932</u>
1,997,426	2,270,984	1,961,368	2,207,720	2,057,347	2,304,922
512,386	803,632	565,401	1,116,614	270,388	804,729
2,116,270	1,676,674	1,692,959	1,887,729	2,096,590	2,172,600
360,905	375,478	483,940	499,327	444,644	-
1,224,853	-	-	(4,646)	27,742	(20,462)
399,423	227,171	410,077	405,076	394,082	420,306
994,555	1,003,620	998,051	999,136	1,004,712	1,009,881
149,165	115,182	102,075	121,441	-	-
7,684,514	7,810,509	7,250,798	6,502,470	6,757,196	6,549,333
279,283	340,299	355,903	352,685	310,621	311,366
70,517	67,663	82,936	60,538	89,036	10,154
637,740	639,610	637,719	639,579	635,884	639,578
172,644	-	-	(3,387)	4,581	1,575
289,036	623,855	524,036	373,705	275,023	217,239
<u>16,888,717</u>	<u>15,954,677</u>	<u>15,065,263</u>	<u>15,157,987</u>	<u>14,367,846</u>	<u>14,421,221</u>
<u>\$ 72,338,160</u>	<u>\$ 67,449,094</u>	<u>\$ 65,415,983</u>	<u>\$ 62,319,616</u>	<u>\$ 60,690,368</u>	<u>\$ 57,961,153</u>

CITY OF DAVENPORT

PROPERTY TAX LEVIES AND COLLECTIONS LAST TEN FISCAL YEARS

CITY TAX RATES (1) (2)

<u>FISCAL YEAR</u>	<u>AGRICULTURAL LAND (3)</u>	<u>ALL OTHER</u>	<u>DDDSMID TAX RATE (4)</u>	<u>TOTAL TAX LEVY (5)</u>	<u>CURRENT COLLECTIONS</u>
1996	\$ 3.00	\$ 13.96	(6)	\$ 31,410,554	\$ 31,067,123
1997	3.00	13.96	(6)	33,680,901	33,302,910
1998	3.00	13.96	(6)	33,583,657	33,335,714
1999	3.00	13.96	(6)	36,973,426	36,558,588
2000	3.00	13.95	(6)	38,128,886	37,449,757
2001	3.00	14.63	(6)	41,824,538	41,127,901
2002	3.00	14.63	(6)	43,159,271	42,499,603
2003	3.00	14.63	(6)	44,910,592	44,143,261
2004	3.00	14.96	(6)	46,532,163	45,815,344
2005	3.00	15.24	(6)	50,180,308	49,586,833

- (1) City taxes support General Fund activities, debt service payments, liability insurance expense, the City's share of FICA and IPERS expense, payments to the Police and Fire retirement and pension systems, life and health insurance expense, unemployment compensation expense, and the municipal transit system.
- (2) Tax rates are in dollars per thousand assessed valuation.
- (3) Agricultural land is taxed at a rate established by the State of Iowa.
- (4) The Downtown Davenport Development Self-supported Municipal Improvement District (DDDSMID) tax rate is comprised of two rates jointly levied on property within this special district in the downtown area
- (5) Includes Tax Increment Financing Districts' levies.
- (6) Beginning July 1, 1995, three self-supported municipal improvement districts exist, with tax levies varying from 2.00 to 5.50.

Source: Levy rate sheet from Scott County, total collections (current and delinquent) per monthly tax allocation reports.

<u>PERCENT OF CURRENT COLLECTIONS TO LEVY</u>	<u>DELINQUENT COLLECTIONS</u>	<u>TOTAL COLLECTIONS</u>	<u>PERCENT OF TOTAL COLLECTIONS TO LEVY</u>
98.91 %	\$ 14,380	\$ 31,081,503	98.95 %
98.88	31,403	33,334,313	98.97
99.26	59,571	33,395,285	99.44
98.88	10,139	36,568,727	98.91
98.22	37,166	37,486,923	98.32
98.33	60,721	41,188,622	98.48
98.47	30,821	42,530,424	98.54
98.29	110,028	44,253,289	98.54
98.46	572,123	46,387,467	99.69
98.82	38,997	49,625,830	98.90

CITY OF DAVENPORT

**SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS
LAST TEN FISCAL YEARS**

<u>FISCAL YEAR</u>	<u>CURRENT ASSESSMENTS DUE (1)</u>	<u>CURRENT ASSESSMENTS COLLECTED</u>	<u>PERCENT CURRENT TO DUE</u>	<u>TOTAL ASSESSMENTS COLLECTED (2)</u>	<u>PERCENT TOTAL TO DUE</u>	<u>TOTAL OUTSTANDING ASSESSMENTS</u>
1996	\$ 50,149	\$ 23,795	47.4 %	\$ 285,323	569.0 %	\$ 1,517,032
1997	81,187	42,328	52.1	351,507	433.0	1,394,846
1998	61,799	14,754	23.9	374,710	606.3	1,265,151
1999	50,747	15,668	30.9	246,293	485.3	1,193,259
2000	49,563	7,322	14.8	146,888	296.4	1,166,509
2001	54,264	6,863	12.6	226,366	417.2	1,078,865
2002	38,946	31,541	81.0	71,762	184.3	1,173,331
2003	49,359	18,213	36.9	207,426	420.2	1,230,904
2004	31,146	657	2.1	269,478	865.2	1,174,562
2005	30,585	1,475	4.8	340,141	1112.1	1,200,952

(1) Current assessments due at the beginning of the fiscal year.

(2) Includes current and delinquent assessments collected and assessments paid in full.

CITY OF DAVENPORT

**ASSESSED AND TAXABLE VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS**

<u>LEVY YEAR</u>	<u>FISCAL YEAR</u>	<u>TAXABLE VALUE (1)</u>	<u>ASSESSED VALUE</u>
1994	1996	\$ 2,115,925,015	\$ 2,672,913,780
1995	1997	2,189,375,070	2,959,753,508
1996	1998	2,242,007,654	3,029,067,272
1997	1999	2,443,474,390	3,408,463,220
1998	2000	2,505,713,454	3,433,456,315
1999	2001	2,634,524,224	3,698,278,624
2000	2002	2,720,133,018	3,761,253,684
2001	2003	2,847,230,728	4,134,338,030
2002	2004	2,906,115,013	4,197,669,467
2003	2005	3,092,787,564	4,601,470,477

(1) Due to state-mandated rollbacks on real property, the taxable value is less than assessed value.

Source: Levy rate sheet and valuation from Scott County.

CITY OF DAVENPORT

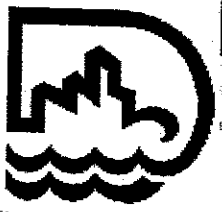
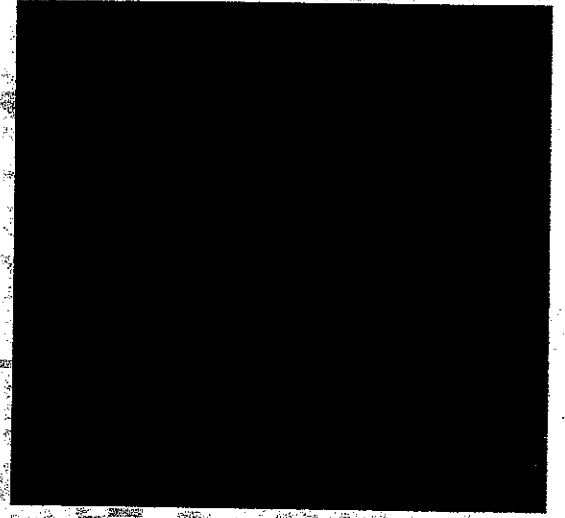
**PROPERTY TAX RATES - ALL DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS**

PROPERTY TAX RATE PER \$1,000 TAXABLE VALUATION

<u>LEVY YEAR</u>	<u>FISCAL YEAR</u>	<u>SCOTT COUNTY</u>	<u>SCHOOL</u>	<u>AREA IX COLLEGE</u>	<u>OTHER</u>	<u>CITY</u>	<u>CITY ASSESSOR</u>	<u>TOTAL</u>
1994	1996	\$ 4.422	\$16.652	\$ 0.519	\$0.042	\$13.953	\$ 0.287	\$35.875
1995	1997	4.327	15.338	0.516	0.041	13.960	0.347	34.529
1996	1998	4.192	15.195	0.587	0.041	13.960	0.346	34.321
1997	1999	3.915	15.225	0.572	0.041	13.960	0.292	34.005
1998	2000	4.062	14.929	0.547	0.067	13.951	0.293	33.849
1999	2001	4.161	15.510	0.603	0.067	14.634	0.313	35.288
2000	2002	4.173	15.468	0.603	0.067	14.634	0.305	35.250
2001	2003	4.481	16.962	0.626	0.067	14.634	0.368	37.138
2002	2004	4.809	17.079	0.617	0.067	14.964	0.315	37.851
2003	2005	4.755	17.096	0.592	0.069	15.240	0.277	38.029

Taxes are levied on July 1 each year. Taxes are due in September and March and become delinquent on October 1 and April 1.

Source: Levy rate sheet from Scott County.



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CITY OF DAVENPORT**RATIO OF NET GENERAL BONDED TO TAXABLE VALUE AND
NET BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS**

<u>FISCAL YEAR</u>	<u>POPULATION (1)</u>	<u>TAXABLE VALUE</u>	<u>GROSS BONDED DEBT</u>	<u>GENERAL DEBT SERVICES MONIES AVAILABLE (2)</u>	<u>DEBT PAYABLE FROM TIF REVENUE (3)</u>
1995	97,500	\$2,044,154,730	\$ 90,465,000	\$ 8,356,688	\$ 15,723,750
1996	96,900	2,115,925,015	86,370,000	8,993,881	15,010,875
1997	96,800	2,189,375,070	91,995,000	9,111,944	14,863,000
1998	96,800	2,242,007,654	91,555,000	8,965,365	17,841,250
1999	96,800	2,443,474,390	88,615,000	9,726,911	16,781,125
2000	97,400	2,505,713,454	85,930,000	11,054,808	12,148,000
2001	98,900	2,634,524,224	85,340,000	14,951,207	12,106,000
2002	98,000	2,720,133,018	99,565,000	15,401,897	13,922,000
2003	97,900	2,847,230,728	102,935,000	15,551,897	11,932,850
2004	97,700	2,906,115,013	119,810,000	14,756,865	16,465,000
2005	97,400	3,092,787,564	118,735,000	13,671,365	15,359,000

(1) Source: Sales and Marketing Management, Survey of Buying Power, September 2005.

(2) Includes monies available from special assessments.

(3) The Tax Increment Financing (TIF) Districts Debt Service Fund accounts for property taxes derived from special tax districts.

(4) Includes Levee Improvement Commission rents and Municipal Improvement District property taxes.

(5) Includes sewer usage fees, public housing rents, golf courses green fees, and curbside recycling usage fees.

DEBT PAYABLE FROM SPECIAL REVENUE (4)	DEBT PAYABLE FROM ENTERPRISE REVENUE (5)	NET BONDED DEBT	PERCENT NET BONDED DEBT TO TAXABLE VALUE	NET BONDED DEBT PER CAPITA
\$ 1,630,000	\$ 18,856,600	\$ 45,897,962	2.25 %	\$ 471
1,550,000	17,940,700	42,874,544	2.03	442
1,470,000	16,053,400	50,496,656	2.31	522
1,380,000	14,136,000	49,232,385	2.20	509
1,285,000	12,694,500	48,127,464	1.97	497
1,185,000	13,582,000	47,960,192	1.91	492
1,085,000	13,573,000	43,624,793	1.66	441
1,972,000	22,547,000	45,722,103	1.68	467
1,816,900	25,648,250	47,985,103	1.69	490
1,660,900	25,109,100	61,818,135	2.13	633
1,492,900	24,186,100	64,025,635	2.07	657

CITY OF DAVENPORT

**COMPUTATION OF LEGAL DEBT MARGIN
JUNE 30, 2005**

In order to limit the liability of taxpayers, the State Constitution imposes a limit on the amount of debt local governments may incur. Davenport's debt limitation is five percent of its gross assessed valuation. This limitation applies only to general obligation indebtedness.

Davenport's debt limitation at June 30, 2005 was:

$$\$ 4,659,833,863 \times .05 = \$ 232,991,693$$

Total Maximum Statutory Debt Limitation		\$ 232,991,693
General Obligation Bonds	\$ 118,765,000	
Tax Increment Financing Rebate Agreements	9,100,144	
Other General Obligation Debt	516,653	
Total G.O. Indebtedness	<u>128,381,797</u>	
Debt Margin		<u>\$ 104,609,896</u>

The City's Special Charter from the State allows bonds to be issued upon approval of the City Council and does not require the vote of the taxpayers unless future interest payments on all debt reach a point where they exceed 75% of ordinary annual city revenue.

This limitation was not exceeded during fiscal year 2005.

Ordinary Annual City Revenue	\$ 123,315,104
	<u>x .75</u>
Total Interest Limitation	92,486,328
Less Total Future Interest Payments on All Debt	<u>(34,554,575)</u>
Interest Margin	<u>\$ 57,931,753</u>

CITY OF DAVENPORT

**COMPUTATION OF DIRECT AND OVERLAPPING DEBT
JUNE 30, 2005**

	<u>TOTAL DEBT JUNE 30, 2005</u>	<u>PERCENT APPLICABLE TO CITY</u>	<u>DIRECT AND OVERLAPPING DEBT</u>
City of Davenport	\$ -	-	\$ 118,735,000
North Scott Community School District	8,110,000	13.76%	1,115,936
Scott County	8,635,000	55.88%	4,825,238
Bettendorf Community School District	5,585,000	22.19%	1,239,312
Eastern Iowa Community College	<u>5,352,500</u>	33.22%	<u>1,778,101</u>
Total overlapping debt	<u>\$ 27,682,500</u>		
Total direct and overlapping debt			<u>\$ 127,693,586</u>

Sources: Scott County Auditor, North Scott Community Schools, Bettendorf
Community Schools, Eastern Iowa Community College.

CITY OF DAVENPORT**RATIO OF ANNUAL DEBT SERVICE FOR GENERAL OBLIGATION BONDED DEBT
TO TOTAL GENERAL EXPENDITURES
LAST TEN FISCAL YEARS**

<u>FISCAL YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL DEBT SERVICE</u>	<u>TOTAL GENERAL (1) EXPENDITURES</u>	<u>RATIO OF DEBT SERVICE TO GENERAL EXPENDITURES</u>
1996	\$ 7,809,967	\$ 4,458,931	\$ 12,268,898	\$ 62,209,269	19.72 %
1997	8,007,756	4,692,722	12,700,478	63,322,133	20.06
1998	8,664,007	4,698,980	13,362,987	67,359,019	19.84
1999	7,977,561	4,370,127	12,347,688	66,738,620	18.50
2000	8,565,623	4,177,680	12,743,303	70,537,684	18.07
2001	8,844,706	4,007,944	12,852,650	76,359,080	16.83
2002	9,237,935	4,294,564	13,532,499	76,659,647	17.65
2003	9,971,020	4,267,994	14,239,014	80,597,696	17.67
2004	11,095,495	4,144,917	15,240,412	82,963,643	18.37
2005	10,809,309	4,549,030	15,358,339	84,421,114	18.19

(1) Includes General, Special Revenue and Debt Service Funds.

CITY OF DAVENPORT**PRINCIPAL TAXPAYERS
JUNE 30, 2005**

<u>NAME</u>	<u>TYPE OF PROPERTY</u>	<u>FY 2005 (1) ASSESSED VALUATION</u>	<u>PERCENT OF ASSESSED VALUATION</u>
Mid-American Energy	Utility	\$ 156,830,731	3.41 %
SDG Macerich Properties	Shopping Center	72,986,200	1.59
Iowa American Water Co.	Utility	46,683,123	1.01
Deere & Company	Manufacturing	22,036,631	0.48
Quanex Corporation	Manufacturing	20,862,200	0.45
Ryan Companies US Inc	Logistics	18,517,300	0.40
THF Davenport North Development	Realty	18,277,607	0.40
National Amusements Inc.	Theatre Complexes	18,254,200	0.40
US West Communications	Communications	15,451,415	0.34
Peterson Properties	Industrial Center	15,026,600	0.33
Total		<u>\$ 404,926,007</u>	<u>8.80 %</u>
TOTAL FY 2005 ASSESSED VALUE		<u>\$ 4,601,470,477</u>	

(1) As of January 1, 2003

Source: City Assessor's Office and Iowa Department of Revenue.

CITY OF DAVENPORT

**DEMOGRAPHIC STATISTICS
LAST TEN YEARS**

<u>FISCAL YEAR</u>	<u>POPULATION (1)</u>	<u>PER CAPITA INCOME (2)</u>	<u>EFFECTIVE BUYING INCOME (1)</u>
1996	96,900	\$ 21,588	\$ 1,328,459,000
1997	96,800	22,561	1,386,588,000
1998	96,800	23,906	1,435,121,000
1999	96,800	25,178	1,467,766,000
2000	97,400	26,003	1,519,713,000
2001	98,900	26,186	1,604,469,000
2002	98,000	27,005	1,513,882,000
2003	97,900	27,879	1,539,288,000
2004	97,700	28,384	1,523,410,000
2005	97,400	28,869	1,581,073,000

Sources:

- (1) Sales and Marketing Management, Survey of Buying Power, September 2005.
 - (2) U.S. Department of Commerce "Survey of Current Business" for Davenport, Rock Island, Moline SMSA.
 - (3) Iowa Workforce Development, for Davenport.
 - (4) Davenport Community School District.
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<u>RETAIL SALES (1)</u>	<u>PER CAPITA RETAIL SALES</u>	<u>UNEMPLOYMENT RATE (3)</u>	<u>PUBLIC SCHOOL ENROLLMENT (4)</u>
\$1,412,686,000	\$ 14,579	4.1 %	17,351
1,457,519,000	15,057	3.5	17,045
1,500,174,000	15,498	3.2	17,027
1,577,249,000	16,294	2.7	16,904
1,763,661,000	18,107	3.0	17,181
1,885,883,000	19,069	2.9	16,831
1,892,224,000	19,308	3.7	17,210
1,971,306,000	20,136	4.7	16,544
2,070,989,000	21,197	4.5	16,077
2,168,278,000	22,262	4.8	15,543

CITY OF DAVENPORT**CONSTRUCTION PERMITS AND TAXABLE VALUE
LAST TEN FISCAL YEARS**

FISCAL YEAR	COMMERCIAL				INDUSTRIAL			
	NEW		OTHER		NEW		OTHER	
	NO.	VALUE	NO.	VALUE	NO.	VALUE	NO.	VALUE
1996	36	\$ 20,384,373	282	\$ 23,246,179	2	\$ 1,125,662	15	\$ 2,850,989
1997	41	32,005,556	363	44,277,102	2	2,858,706	3	3,719,375
1998	54	38,736,698	270	21,917,189	3	2,482,651	12	4,216,341
1999	49	29,457,692	255	22,292,246	1	10,600	9	1,406,124
2000	59	46,684,812	198	36,187,947	-	-	5	300,449
2001	44	26,144,040	217	59,338,780	1	4,500,000	4	4,550,010
2002	41	37,025,864	236	43,254,414	1	9,569,237	6	4,751,500
2003	31	61,179,478	225	27,663,567	6	1,696,527	3	348,346
2004	37	36,839,752	230	50,632,798	1	53,009	1	18,000
2005	42	32,012,749	256	32,733,101	-	-	1	1,547,511

Source: Annual Report, Office of Construction Code Enforcement, City of Davenport

RESIDENTIAL				MISCELLANEOUS				TAXABLE VALUE
NO.	NEW VALUE	NO.	OTHER VALUE	NO.	NEW VALUE	NO.	OTHER VALUE	
148	\$ 18,421,268	1339	\$ 18,334,872	-	\$ -	100	\$ 4,613,490	\$ 2,115,925,015
201	23,866,680	2214	9,890,072	-	-	274	1,356,260	2,189,375,070
211	26,666,024	2136	10,443,126	-	-	281	604,645	2,242,007,654
257	35,158,069	2062	10,566,069	-	-	174	2,781,644	2,443,474,390
216	40,094,362	2220	12,578,562	-	-	77	1,956,293	2,505,713,414
321	31,291,251	3259	20,093,079	-	-	174	416,000	2,634,524,224
358	34,764,057	2509	14,925,927	-	-	201	82,000	2,720,133,018
370	45,130,237	2078	18,545,772	-	-	205	380,800	2,847,230,728
403	61,597,795	1832	22,446,780	-	-	186	6,628,656	2,906,115,013
399	54,033,201	1782	15,716,845	-	-	179	180,000	3,092,787,564

CITY OF DAVENPORT

MISCELLANEOUS STATISTICS JUNE 30, 2005

Year of incorporation:		1836
Form of government:	Mayor-Council utilizing City Administration	
Area:	62 square miles	
Miles of streets:		684
Number of street lights:		9,263
Number of traffic signals:		189
Police protection:		
Number of sworn officers		155
Number of stations		1
Fire protection:		
Number of firefighters		141
Number of stations		7
Sanitation and solid waste customers:		38,340
Recreation:		
1,700 acres of parks		
4 swimming pools		
3 golf courses		
2 bicycle paths		
2 boat launches		
Fejervary Park Zoo		
Vanderveer Park Horticulture-Conservatory		
John O'Donnell Stadium		
Culture and Enlightenment:		
Davenport Public Library		
Airport:		
One 4,000 foot runway		
One 4,800 foot runway		
RiverCenter/Adler Theatre		
155,000 square feet in theatre and two convention centers		
Education:		
Number of students:		
Kindergarten - Grade 5		6,313
Grade 6 - 12		7,351
Special education and part-time		1,879
Total		<u>15,543</u>
Number of schools:		
Public high schools		3
Public intermediate schools		6
Public elementary schools		21
Special schools		1
Private schools		8
Colleges & Universities:		
St. Ambrose University		
Palmer College of Chiropractic		
Eastern Iowa Community College		
Elections:	09/14/04	11/02/04
Registered voters	School Board:	General:
Ballots cast	58,660	65,120
	1,963 3.3%	14,843 22.7%

CITY OF DAVENPORT**INCOME DISTRIBUTION
JUNE 30, 2005**

	<u>CITY OF DAVENPORT</u>		<u>SCOTT COUNTY</u>		<u>STATE OF IOWA</u>	
	<u>FAMILIES</u>	<u>%</u>	<u>FAMILIES</u>	<u>%</u>	<u>FAMILIES</u>	<u>%</u>
Less than \$10,000	1,632	6.5	2,005	4.8	29,696	3.8
\$ 10,000 to \$ 14,999	1,210	4.8	1,569	3.7	27,647	3.6
\$ 15,000 to \$ 24,999	2,857	11.4	4,022	9.5	82,185	10.6
\$ 25,000 to \$ 34,999	3,471	13.9	4,960	11.8	105,089	13.6
\$ 35,000 to \$ 49,999	4,472	17.9	7,212	17.1	161,399	20.8
\$ 50,000 to \$ 74,999	6,208	24.8	10,985	26.1	203,738	26.3
\$ 75,000 to \$ 99,999	3,036	12.1	5,981	14.2	89,699	11.6
\$100,000 to \$149,000	1,533	6.1	3,725	8.8	50,322	6.5
\$150,000 to \$199,999	298	1.2	835	2.0	11,511	1.5
\$200,000 or more	313	1.3	823	2.0	12,960	1.7
Totals	<u>25,030</u>	<u>100.0</u>	<u>42,117</u>	<u>100.0</u>	<u>774,246</u>	<u>100.0</u>
Median family income	\$45,944		\$52,045		\$48,005	
	<u>CITY OF DAVENPORT</u>		<u>SCOTT COUNTY</u>		<u>STATE OF IOWA</u>	
	<u>PERSONS</u>	<u>%</u>	<u>PERSONS</u>	<u>%</u>	<u>PERSONS</u>	<u>%</u>
Educational Attainment:						
Elementary						
0 - 8 years	3,323	5.3	4,440	4.3	105,424	5.6
High School						
1 - 3 years	7,055	11.3	9,539	9.3	158,012	8.3
High School graduate	19,696	31.6	31,372	30.7	683,942	36.1
College						
1 - 3 years	18,852	30.2	31,390	30.7	546,388	28.8
College graduate	13,417	21.5	25,408	24.9	402,090	21.2
Totals	<u>62,343</u>	<u>100.0</u>	<u>102,149</u>	<u>100.0</u>	<u>1,895,856</u>	<u>100.0</u>

Source: Department of Commerce, Bureau of Census, 2000 Census SF 3, State County, and Place Data.

CITY OF DAVENPORT**SCHEDULE OF INSURANCE IN FORCE
JUNE 30, 2005**

<u>COVERAGE</u>	<u>COMPANY</u>	<u>PREMIUM</u>
<u>PROPERTY</u>		
City Buildings	Allianz	\$ 193,182
Contents & Fixed Equipment	Allianz	Included above
Stored Vehicles	Allianz	Included above
Boiler & Machinery	Chubb	19,144
Flood (various locations)	NFIP/Selective	21,718
Transit Center	Cincinnati	2,553
Blanket City Bond	EMC	2,816
Scattered Sites & Heritage House	AHRMA	9,669
Mississippi Hotel	Allianz	11,570
Skybridge (Builders Risk)	Hartford	20,476
<u>LIABILITY</u>		
\$10,000,000 EX \$ 500,000 GL/LAW/AUTO	Genesis	472,410
Public Officials (City)	Genesis	Included above
Housing Authority (Incl. Public Officials)	AHRMA	7,951
Airport	Global Aerospace	14,050
Duck Creek Dram	CNA/Taylor	2,638
Emeis Dram	CNA/Taylor	2,602
Credit Island Dram	CNA/Taylor	1,478
Red Hawk Dram	CNA/Taylor	1,478
Lead Abatement Liability	Zurich	10,275
<u>WORKERS' COMPENSATION</u>		
Excess Workers' Compensation	Safety National	71,596

<u>POLICY NUMBER</u>	<u>EXPIRATION DATE</u>	<u>AMOUNT OF COVERAGE</u>	<u>COINSURANCE OR DEDUCTIBLE</u>
3000978	06/30/05	\$ 181,907,678	\$ 100,000
3000978	06/30/05	71,838,459	25,000
3000978	06/30/05	21,782,681	100,000
78383532	06/30/05	20,000,000	2,500
Various	Various	Various	5,000
CAP5431128	06/30/05	4,525,000	1,000
T223582	06/30/05	1,000,000	10,000
PO30189064	01/01/05	10,000,000	1,000
CL3004976	07/01/05	8,137,000	100,000
83MSRZ1954K9	08/12/05	7,000,000	10,000
YXB300539F	06/30/05	30,000,000	500,000
YXB300539E	06/30/04	5,000,000	250,000
LO60189070	01/01/05	1,000,000	1,000
B04063001941	06/30/05	5,000,000	N/A
LLP194431331	03/29/06	500,000	N/A
LLP194431328	03/29/06	500,000	N/A
LLP223622893	04/07/06	500,000	N/A
LLP223509350	04/29/06	500,000	N/A
AAO-3875026-00	11/03/05	1,000,000	5,000
SP-7075-IA	06/30/05	Coverage A: per statute Coverage B: 2,000,000	350,000